

Sustainability report 2021

At 2G, we regard sustainability as responsible corporate action encompassing a long-term perspective. This includes the dimensions of environment and climate, the principles of good corporate governance and social responsibility, as well as the interests of stakeholders, shareholders and customers. Our actions today should have a lasting positive impact in the future.

Sustainable action influences the economic value of our company, it shapes our commitment to technological innovations and product developments, impacts on the quality and reliability of our products, promotes the motivation of all employees and enables our customers to contribute more efficiently and sustainably to greater resource conservation and climate protection.

Our ambition is to harness such an approach in order to generate growing demand for our products, with potential customers being convinced of their quality and future viability in relation to other suppliers' products. This can translate into market share gains and rising profit margins for 2G. Consequently, we endeavor to incorporate sustainability into all our business decisions, while weighing up the related risks and opportunities. Sustainability forms as much a part of the 2G brand as our claim to be the global technology leader for gas-operated CHP systems and (energy) solutions. Therefore, 2G aims to be an industry leader in terms of sustainability and new technologies. We will not rest on our laurels simply because the technological standard of our products and services is already very high and our CHP units are highly efficient, achieving rates of up to 90 % and above.

2G recognizes the need for global climate action and is committed to the 2015 Paris Agreement target of limiting temperature increases to 1.5 °C in relation to pre-industrial levels as far as possible. As a company, we have a responsibility to further develop our products by enhancing efficiency, reducing greenhouse gas emissions and lowering the total cost of ownership in such a manner that our products can make an increasing contribution to such ambitions, and are also economically attractive for as many applications and customers as possible. Equally, in the production process and in administration, we strive to make our contribution as a company and as a social community to reducing greenhouse gas emissions through the utilization of renewable energies and resource conservation.

The imperative of sustainability motivates us to deploy our products in order to further develop energy generation and supplies, and to drive our profitable growth. As an internationally active, medium-sized manufacturer and developer of gas-driven combined heat and power systems, we are helping to continuously increase the share of climate compatible energy producers within the global energy mix, both directly and indirectly – both directly by way of the efficient generation of energy with climate compatible gases by means of CHP, and indirectly via the integration of fluctuating renewables into decentrally organized, secure supplies by means of residual and control energy provided by our CHP units. This is because decentralized CHP plants are dimensioned in such a manner that, in addition to supplying the site, they can maintain and supply system-compatible services for stable power grids and secure heat supplies for the general public.

UN Global Compact Progress Report 2021

	Principles	Statement
Human rights	1 Supporting and respecting the protection of human rights	Respect for and protection of human rights forms part of the values and principles that govern our corporate activities and social interaction. We have laid this down in a binding code of conduct for all employees within the Group, as well as at our selected sales and service partners. All 2G suppliers also have binding codes of conduct in place. 2G has its compliance with these standards confirmed; the standards are reviewed on both an ad hoc and a regular basis according to defined process steps. As ninety percent of 2G's suppliers are based in Europe, minimum standards are also specified at various levels by way of European legislation. Diversity and equality are overriding core values of our corporate culture and form an integral element of our personnel work. 2G does not tolerate discrimination against people, and is committed to their equal rights and social integration, regardless of their origin, color of skin, religion, gender, or sexual orientation. Compensation regulations within the 2G Group are transparent and gender neutral.
	2 Exclusion of human rights violations	
Labor	3 Upholding freedom of association and recognition of the right to collective bargaining	2G with its subsidiaries is active in countries whose governmental systems are democratic. When selecting our partners for our global partner network, we ensure compliance with minimum standards, for which our code of conduct for suppliers forms the basis. Compliance with labor standards and minimum standards forms an important foundation for the establishment, maintenance, and promotion of social justice as well as the company's involvement in society. 2G is committed to this both within its own group of companies as well as with its partners and suppliers. The company's own codes of conduct serve as binding guidelines and requirements. 2G pursues the principles of the International Labor Organization (ILO) on labor and social standards. Our management system is aligned with the standards of ISO 45001. Furthermore, 2G obligates its suppliers in its own code of conduct to respect fundamental rights, prohibit corruption and bribery, prohibit child labor, uphold freedom of association, and protect the health and safety of employees. Via a publicly accessible whistleblower system set up in 2021 in accordance with EU Whistleblower Directive 2019/1937, 2G offers all stakeholders the opportunity to contact 2G – including on an anonymous basis – concerning information about suspicious matters. We thereby strengthen the trust of 2G employees as well as customers and business partners in 2G's integrity and responsiveness.
	4 Elimination of all forms of forced and compulsory labor	
	5 Abolition of child labor	
	6 Elimination of discrimination	

Environment and climate	7	Precautionary environmental protection	Environmental and climate protection forms a central business area for 2G. 2G makes an important contribution to environmental and climate protection by developing and manufacturing low-emission cogeneration systems that enable decarbonized, secure energy supplies for our customers worldwide. We have anchored environmental protection as a long-term and sustainable task within our code of conduct and also demand it from our suppliers.
	8	Promoting greater environmental responsibility	Environmental protection is firmly implemented in our integrated management system and certified according to the ISO 14001 (environmental management) and ISO 50001 (energy management) standards. We thereby ensure the planning, control and monitoring of all measures relating to operational environmental protection, as well as environmentally oriented operational and employee management. With technical innovations and digital tools, we are succeeding in making complex cogeneration systems easier to operate and maintain, thereby making them accessible to a wider range of users. Via the Internet, we continuously integrate support functions such as augmented reality and predictive maintenance for efficient processes and high system availability, in order to thereby deliver economic benefit for operators.
	9	Development and diffusion of environmentally compatible technologies	
Anti-corruption	10	Working against corruption in all its forms	Compliance with prevailing legislation and regulations forms the highest principle for all business transacted in the purchasing area and in the signing of contracts as part of bidding processes. 2G does not tolerate any illegal and/or irregular behavior on the part of its employees or business partners. It also goes without saying that 2G complies with its business partners' regulations. 2G has set out its anti-corruption regulations in its codes of conduct for employees, managers, and suppliers. A whistleblower system in accordance with EU Whistleblower Directive 2019/1937 gives anyone the opportunity to anonymously report suspicious matters to the company.

2G is thereby contributing to significantly reducing greenhouse gas emissions, lowering resource consumption and increasing the share of renewable energies for power generation without jeopardizing supply security and the affordability of electricity and heating.

We have made our commitment externally visible and binding by joining the United Nations Global Compact. The UN Global Compact is the world's largest and most important initiative

for responsible corporate governance. 2G recognizes its ten universal principles and the Sustainable Development Goals, and supports the vision "to create a sustainable and inclusive global economy that delivers lasting benefits to all people, communities and markets".

As a listed company, we are increasingly in the focus of institutional investors who base their investment decisions on ESG (environment, social, governance) criteria. In many cases, the

data for such ESG criteria are obtained from service providers. Institutional Shareholder Services Inc. (ISS) is one of such service providers. 2G was again awarded Prime Status by ISS in the year under review, placing it among the top 20 % in the relevant "Industry" peer group.



Sustainability strategy embedded in CHP system development and service

As one of the leading international manufacturers of gas-fired cogeneration systems, 2G aims to be a technology leader and thereby continuously reduce the environmental footprint of its systems and services. The cogeneration of electrical and thermal energy makes CHP technology more efficient and much more climate compatible than conventional energy production methods. Compared to conventional power and heat generation, CHP saves up to 40 % of primary energy in a resource-conserving manner. At the same time, around 95 % of greenhouse gas emissions are saved thanks to the use of hydrogen. CHP units fueled by natural gas already produce around two thirds less greenhouse gas emissions than conventional power generation from coal, while biogas-driven CHPs save up to 90 %.

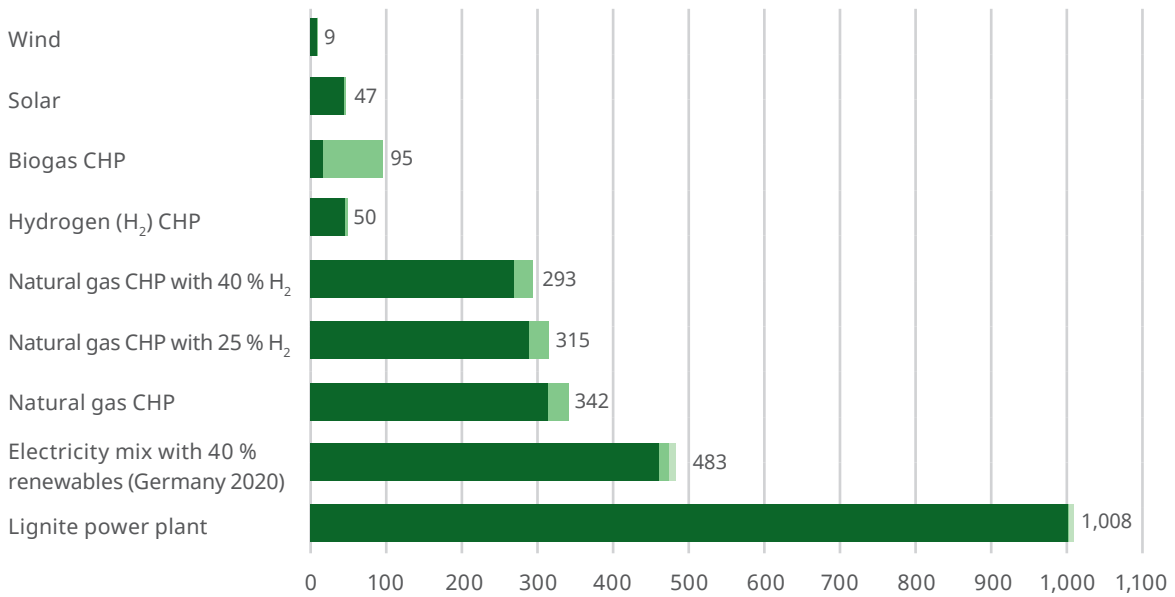
As the backbone technology for the energy transition, natural gas CHP systems are

indispensable for secure supplies as complementaries to fluctuating generators harnessing wind and solar. They provide highly flexible and demand-driven residual load when the wind is not blowing and the sun is not shining. In addition, decentralized CHP systems are rotating masses in the electrical system and secure grid frequency. This is particularly important for sensitive grid stability as the shutdown of nuclear and coal-fired power plants progresses. Modern CHP systems produce electricity and heat with efficiencies of up to 98 %, and reduce carbon emissions by 40 to 60 % compared with coal-fired power plants. Last but not least, all newly delivered 2G CHP systems in the 100 kW to 1 MW power range can be converted to operate with 100 % hydrogen as part of regular maintenance. For this reason, today they already represent a secure investment in climate-neutral energy supplies.

When our CHP series are still at the development stage, we factor economic, environmental and social criteria into our choice of materials, service and maintenance optimization, immissions and emissions, recyclability, and lifecycle management for our systems. This also includes the CHP systems' compact design and modular construction, the reduction of oil consumption and of noise and exhaust emissions, as well as software-based remote control. We are systematically advancing system service digitalization, including our I.R.I.S. online platform (including predictive maintenance, among other features), which we developed in-house, as well as augmented reality applications. This leads to more efficient service, a significant extension of intervals between maintenance units, and thereby an overall reduction in service

Greenhouse gas emissions of different types of electricity generation incl. upstream chain emissions

in g CO₂ eq/kWh_{el}



■ CO₂ (carbon dioxide) | ■ CH₄ as CO₂ equivalent (methane) | ■ N₂O as CO₂ equivalent (nitrous oxide)

Greenhouse gas emissions of different types of electricity generation incl. upstream emissions in grams of CO₂ equivalent per kWh of electricity (g CO₂ eq per kWh_{el}); the bar “Electricity mix with 40 % renewables (Germany 2020)” shows the amount of emissions released for electricity generation in Germany with a share of 40 % renewables in 2020. Source: 2G Energy AG, 2021

and maintenance costs as well as enhanced CHP system availability.

Where product development and product equipment are concerned, 2G consistently relies on durable materials. The products used are reprocessed and redeployed in the same function at the end of their application cycle. Ideally, this occurs more than once. With this “long-life” approach, 2G has established resource-conserving reconditioning for central components such as motors and generators as well as for classic wearing parts such as filters, spark plugs and electronic components. We can

offer our customers attractive prices with such refits and reduce raw material consumption.

R&D enhances system efficiency and reduces emissions

For many years, our own research and development department with thirty members of staff has been optimizing motor technology, peripheral equipment and the integration of software and hardware into CHP systems and service.

The development of the hydrogen CHP unit certainly represents an exceptional example of these activities. 2G has adapted a standard natural gas CHP system to produce electricity and heat highly efficiently and with comparable economics using 100 % hydrogen (H₂) and carbon emissions close to the detection limit. As the only manufacturer worldwide, 2G guarantees to convert its natural gas and biogas CHP systems to 100 % hydrogen operation upon customer request using a standard technical solution, including as part of regular maintenance. All CHP systems already delivered by 2G today are “hydrogen-ready” on request at any time, thereby forming part of a climate-neutral energy generation system.

In the year under review, we further developed our technical support facility for our customers with the aim of making complex CHP technology easier for technicians and partners to master in day-to-day service and maintenance. For example, we have integrated our I.R.I.S. (Intelligent Report Information System), a proprietary development, more deeply into our service processes. For example, we have activated spark plug failure detection – which is one way in which we identify unusual operating conditions in order to intervene before failures occur (so-called predictive maintenance). Digital service support with the I.R.I.S. system has enabled us to extend maintenance intervals for 2G CHP systems from 2,000 to 4,000 operating hours. For our part, this reduces service time and expense, while enhancing system availability and thereby economic benefits for our customers.

In the year under review, we commissioned 42 systems worldwide via augmented reality (AR)

tools. On site, for example, a specialist from a 2G partner company uses AR glasses and is guided through the task on the PC desktop by an expert at our headquarters in Heek. We also leverage the potentials offered by AR as a support tool for troubleshooting in many regions worldwide. This has already led to a significant reduction in travel – whether by service vehicles or by air.

In 2021, we developed and launched our own motor concept with a rated electrical output of 1 MW. The avus 1000plus for operation with lean gases and natural gas is based on a Liebherr engine. It opens up international access for 2G to the higher power ranges up to 4.5 MW with modular design. With further improvements to the aura series, particularly in terms of emissions, 2G is also tapping into new customer groups in the medium performance range.

We are continuously improving our production processes as part of our “Lead to Lean” project. In the year under review, this included materials planning, order scheduling, intralogistics and material supply projects. The aim is to boost efficiency and eliminate idle time in production. We have converted the production of the g-boxes from the previously practiced stationary assembly to flow production. With assembly lines, we achieve higher capacitive flexibility while maintaining the same quality, while assembly time and expense per unit have been significantly reduced. As a consequence, we have already achieved an increase in potential output of around 200 %.

We reached a milestone for efficient sales work and structured acquisition success with the introduction of CPQ (Configure, Price,

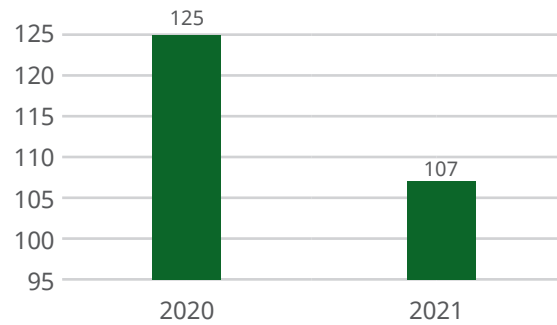
Quote). With the roll-out of this digital tool for online configuration, pricing and meaningful quotation for CHPs, a proprietary development, the company has taken an important step in digitalizing and simplifying its sales process.

Certified in accordance with quality, environmental and energy management standards

We review and improve our processes on a continuous basis as part of the integrated management system (IMS). The central companies are therefore certified according to the ISO 9001 (quality), ISO 14001 (environment) and ISO 50001 (energy) standards. The focus is on identifying environmental aspects, implementing measures to reduce environmental impacts, complying with legal obligations and raising environmental awareness among employees. With energy management, 2G is committed to continuous improvement of energy-related performance. In addition, 2G initiated an audit and certification of its data security with the ISO 27001 standard in the reporting year and successfully completed it in the current financial year.

Through more efficient use of the waste heat generated by the factory trial runs, the amount of natural gas used for heating (in relation to the area to be heated) was significantly reduced in 2021 (adjusted for weather conditions).

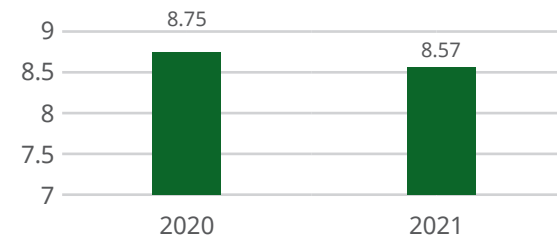
Natural gas heat demand in kWh/m²



Natural gas heat demand in kWh/m².

Fuel consumption was also reduced by raising awareness among employees:

Ø Fleet fuel consumption in l/100 km



Ø Fleet fuel consumption in l/100 km.

2G documents good corporate governance

Good corporate governance forms the basis of 2G's business activities. In the year under review, the Supervisory and Management boards issued, on a voluntary basis, a declaration of compliance with the German Corporate Governance Code (DCGK) pursuant to Section 161 of the German Stock Corporation Act (AktG). With this declaration, the Management and Supervisory boards underscore their commitment to working in accordance with the principles of the social

Key sustainability figures

	2021	2020
Self-generated electrical energy (kWh)	2,030,776	1,542,998
Electrical energy consumed (kWh)	998,512	1,122,855
based on total output (kWh per TEUR total output)	3.7	4.4
Natural gas (kWh)	5,050,743	5,757,847
based on total output (kWh per TEUR total output)	18.8	22.7
Water (m ³)	2,544	2,864
Fuel (kWh)	7,432,296	7,587,238
CO ₂ emissions (metric tons)	4,673	3,838
based on total output (t CO ₂ per million Euro output)	17.4	15.1
of which fleet (metric tons)	1,938	2,013

market economy for the continued existence of the company and its sustainable value creation in the interests of the company, its shareholders and the public. The Corporate Governance Report, together with several accompanying documents, is published on our website at www.2-g.com in the Investor Relations area.

Social commitment

2G perceives itself as a responsible member of society. Consequently, we play an active role regionally, and promote cultural and social projects. We support local sports associations and social facilities within the Münsterland region, for example. 2G made a significant donation to the International Peace Village in Dinslaken (Germany) on the occasion of the company's 25th anniversary. For Technisches Hilfswerk Ahaus, a civil and disaster relief organization, 2G provided a new sandbag filling system that increases hourly sandbag filling by a factor of 4.5 during flood incidents. 2G also supports employees

in their social engagement, such as through flexible working time regulations. We also promote knowledge exchange in the academic and scientific community. For example, we offer students the opportunity to write their seminar papers or bachelor's or master's theses in the context of topics relating to 2G.

The 2G Group has had a code of conduct since 2015, setting out the values and principles for our business activity and our interaction with each other and with our customers. The code of conduct and the corporate guidelines contain binding compliance regulations that are valid across the entire Group. The code's contents include a ban on discrimination, protection against corruption, fair competition, the rights of all employees to fair treatment, and the handling of insider information. In 2020, the code was expanded to include a separate code for suppliers of 2G. This defines 2G's principles and requirements for its suppliers of goods and services relating to their responsibility for people and the environment,

including respect for employees' fundamental rights, the prohibition of child labor, the freedom of association, the prohibition of corruption and bribery, the resource-conserving use of water and energy, and waste avoidance. A compliance officer supports the Group-wide implementation of the codes of conduct and develops them further.

2G as an attractive employer

As a medium-sized company, 2G is dependent on the commitment, knowledge and professional attitude of its more than 700 employees both in Germany and abroad. Motivated and successful employees are crucial to the company's long-term success and performance. The Group Human Resources department reports directly to the Chief Financial Officer and coordinates all human resources issues. These include a sustainable staffing policy, attractive and fair working conditions, the training of young technical staff, and internal and external further training for staff as well as intercultural and technical communication within the Group.

Our success as a global company is founded on a corporate culture that champions the self-motivation, satisfaction, continuing professional development, health and diversity of our workforce. The aim is to achieve a high level of employee identification with our products, after-sales services and corporate culture. We are committed to creating an atmosphere of respect and appreciation at work in which the tasks to be done have genuine meaning and purpose. Moreover, we are confident that 2G is an attractive employer. This was confirmed in the year under review when the company achieved

third place in the ranking of the most attractive employers in Münsterland with up to 1,000 employees.



2G provides its employees with various voluntary social benefits and assistance such as special payments and days off for the birth of children, followed by subsidies of up to 50 % for childcare costs. The company also promotes health and fitness among its employees. For example, all employees at the German sites have the option of obtaining company bicycles through 2G via a salary conversion scheme, with 2G paying the related insurance installments. If employees wish to join a fitness studio forming part of the qualitrain association, 2G contributes part of the membership fee. 2G also contributes to the cost of visual display unit (VDU) spectacles as well as prescription personal protective equipment (PPE) safety glasses. Employees at the headquarters in Heek have the opportunity to recharge their cars at 18 e-charging stations at reduced rates.

Flexible working time models and part-time options are given high priority in order to offer flexible structuring options to employees. In the year under review, 80 employees made use of such options. This corresponded to a share of 10 % of all employees (2020: 80 (11.1 %)). The compatibility of work and family life is becoming increasingly important for many employees and is a key factor in employer attractiveness. We are confident that the fundamentally

positive experience with working from home, as practiced during the coronavirus pandemic, will lead to further flexible work-life balance models for employees in the future. Already before the first pandemic-induced lockdown, 2G had created opportunities for almost all non-production employees to work from home with the respective technical equipment, software and IT support.

The training of young people in different production areas as well as administration is of great importance to 2G. We are thereby securing qualified and motivated employees and offering them attractive career prospects with further training and management qualifications. In 2021, ten young people started their apprenticeship at 2G, and a total of 43 young people (2020: 42) were in vocational training; this is equivalent to around 5 % (6 %) of all our employees. From the graduating class of 2021, we have taken on ten trainees on the basis of an employment contract.

Management training

Key to this atmosphere of respect and appreciation is our team of well-qualified, highly motivated managers working to achieve their common aims with dedication and empathy. Back in 2018, this led us to formulate our management principles in an inclusive process and to devise a management development program on this basis, which we fully implemented in 2019. Already during the early stages of the coronavirus pandemic in the spring of 2020, it became clear that, also in difficult, challenging situations, our managers were equipped with the leadership tools required to keep our workforce informed about all significant developments, to get them

involved in our fast-moving processes of change and to inspire them to the level of performance we have seen.

In the further course of the Corona pandemic, it was not possible to continue the leadership development in the tried and tested form while adhering to hygiene measures, so we sought to supplement the measures already in place. As a result, we launched an online leadership development format as a pilot project and are still in the evaluation phase here as to whether this form of staff development can be a long-term, meaningful addition to the measures already in place.

Since 2018, we have been regularly sending managers at different levels to a cross-mentoring programme. This special form of mentoring means that mentors and mentees from different organisations and sectors are brought together. We have maintained and further developed this form of staff development during the Corona pandemic. In this way, we encourage our managers to think „outside the box“ and learn from other companies and sectors, which leads to new impulses for our company, promotes the exchange of knowledge and can be ideally integrated into professional practice.

Key employee data (as of December 31, 2021)

	2021	2020
Employees	796	722
of which part-time	80	80
Trainee/work experience students	34	42
Employees at foreign subsidiaries	151	127
Proportion of female employees in %	17.0	16.9
Proportion of female senior executives in %	10.0	10.0
Age structure of employees in Germany	37.2	36.9
Employee turnover rate in %	6.5	5.2
Health ratio in %	96.8	96.3
Accidents per 100 employees	1.5	1.9

Number of employees per business division

	31/12/2021	31/12/2020
	Number of employees (of which part-time)	Number of employees (of which part-time)
Service	302 (3)	264 (3)
Purchasing, warehouse, production	193 (14)	182 (17)
Administration	106 (43)	99 (41)
Project management	72 (3)	63 (5)
Sales & marketing	74 (12)	70 (12)
Research & development	30 (3)	30 (1)
Quality management	19 (2)	14 (1)
Total	796 (80)	722 (80)