

002

PW0 Non-Financial Report 2022

About This Report

Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e, 315 b-c HGB

002 About this report

002 Business mode

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Separate 2022 non-financial report in accordance with Sections 289 b-e, 315 b-c HGB

Sustainability is 1 of the cornerstones of companies' future viability. We therefore focus on comprehensive sustainability in the 3 dimensions of the environment, social issues, and responsible corporate governance, and pursue ambitious goals here. This is our internal motivation that brings the PWO Group forward into the future.

When making our decisions and plans, we consider the interests of our customers, employees, investors, business partners, and the public. We attach great importance to trusting relationships with all stakeholders. We strive to limit the negative impact of our business activities on the environment wherever possible.

By transforming our own organization, we also help our customers reduce their environmental footprint. This enables us to meet the challenges of our time, and in particular to seize the associated opportunities.

About this report

The separate 2022 non-financial report comprises the 2022 non-financial report for Progress-Werk Oberkirch AG (referred to as "PWO AG" or the "company") and for the PWO Group (also referred to as "PWO" or the "Group"), which comprises PWO AG and its 4 international operating subsidiaries.

This report therefore covers Germany (comprising PWO AG, Oberkirch, Germany, 1 location), Czechia (comprising PWO Czech Republic a.s.,

Valašské Meziříčí, Czechia, 2 locations), Canada (comprising PWO Canada Inc., Kitchener, Canada, 1 location), Mexico (comprising PWO de México S.A. de C.V., Puebla, Mexico, 2 locations) and China (comprising PWO High-Tech Metal Components [Suzhou] Co. Ltd., Suzhou, China, 2 locations). Unless stated otherwise, the disclosures in the separate 2022 non-financial report apply to the Group as a whole.

Use of reporting frameworks

The concepts for managing the PWO Group's key non-financial issues as shown in the materiality matrix developed in 2021 are based on the criteria of the Global Reporting Initiative.

Business model

PWO is 1 of the world's leading developers and manufacturers of sophisticated metal components and subsystems in environmentally friendly lightweight construction for the international mobility industry and for other sales markets where we can apply our expertise in metal forming and the associated joining technologies.

Our business model is entirely independent of combustion engines. We benefit from new requirements for electric or hybrid vehicles and the ever-increasing electrification of vehicles. Our business model is future-proof. Lightweight solutions significantly increase the environmental friendliness of a vehicle because they effectively reduce the overall amount of resources necessary for production and operation and bring down emissions over a vehicle's entire lifetime. Moreover, around 90 percent of the raw material we process is steel – a material which can be fully recovered and recycled at the end of a vehicle's lifecycle.

For information on other aspects of our business model, please refer to the comments in the section entitled "Group Principles" under the subsection "Business Model," which can be found in the combined Group management report and management report of PWO AG for the 2022 fiscal year.

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

- 002 About this report
- 002 Business model

003 Sustainability strategy

- 004 Notes on PWO's approach to non-financial aspects
- 019 Contact

Sustainability strategy

The commitment to sustainable, ecological and socially responsible action forms the basis of our business activities. We are committed to safeguarding and protecting the livelihoods of present and future generations. In addition, we follow the "Business as a Force for Good" approach: we want to contribute to concrete and tangible improvements in society with our business activities.

The top action areas and priorities of our sustainability strategy are summarized in a materiality matrix that we developed in a comprehensive process in the 2021 financial year. Here, we grouped the topics in line with non-financial reporting aspects in accordance with section 289c HGB. The materiality matrix is published on the PWO website at

www.pwo-group.com/en/group/corporate-governance/.

The matrix reflects the significance of these issues for our stakeholders and their effects on PWO. It serves as a guideline for our transparent reporting and is a key element in our strategic decision-making.

As a manufacturing company, it is very important to our environmentally oriented sustainability strategy to gather data on resource consumption and emissions, as well as the measures to reduce them. Meanwhile, as a player in the global automotive industry and its globally networked value chain, we comply with the environmental regulations of the countries in which we operate out of inner conviction. In committing to the Science Based Targets initiative (SBTi) in the 2022 fiscal year, we also set ambitious targets of our own for reducing absolute greenhouse gas emissions. With these targets, which were validated by the SBTi in November 2022, we are implementing the Paris Agreement.

Employee appreciation is at the heart of our values-based corporate culture. Respect for human rights, the rights of employees and their employee representatives and trade unions, as well as comprehensive health and occupational safety are part of everyday life at the PWO Group. We are actively involved in society and cooperate with municipalities, local authorities, and educational institutions.

We do not tolerate corruption or bribery in any form. Our Code of Conduct includes binding rules for all employees of the individual PWO companies. This Code also outlines the standards ensuring mutual respect, honesty and fairness in dealing with colleagues and business partners.

We joined the UN Global Compact in the 2022 fiscal year with the aim of contributing to a more inclusive and sustainable economy. The UN Global Compact is the world's biggest initiative for sustainable and responsible corporate governance.

We monitor all of the measures and objectives related to various nonfinancial aspects at each of our locations by means of comprehensive consumption data, specific key indicators for production, diverse tools for personnel management, and our internal control and risk management system (jointly referred to as the RMS) and our compliance management system (CMS). In addition, we use quality management systems at all locations.

PWO AG's Executive and Supervisory Boards are fully committed to good corporate governance. Barring just a few justified exceptions, PWO complies with the recommendations of the Government Commission on the German Corporate Governance Code. We report on this annually in our corporate governance statement, which is available on PWO's website at

www.pwo-group.com/en/group/corporate-governance/.

With regard to the non-financial targets, which are also used to manage the PWO Group, please refer to the "Management system" and "Report on forecasts and outlook" sections of the combined Group management report and management report for PWO AG for the 2022 fiscal year.

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Notes on PWO's approach to non-financial aspects

Below, we present the key approaches to non-financial aspects, including the due diligence processes applied and their results, together with the key performance indicators we use to manage them.

The monitoring of the key measures with regard to non-financial aspects is integrated into the Group-wide RMS. There are no significant risks associated with PWO's business activities that are both important for the business development and also very likely to have or have had a material adverse effect on 1 or more of the non-financial aspects.

A detailed questionnaire was developed in the 2022 fiscal year. This is used by the risk owners in the PWO Group to identify and assess non-financial risks in a structured way. In addition, closer monitoring of supply chain risks was implemented within PWO in the reporting year. We report on this in the following section on "Responsibility in the supply chain."

The PWO Group's RMS is described in detail in the combined Group management report and management report for PWO AG in the section entitled "Report on risks, opportunities and forecasts" in the "Report on risks and opportunities" subsection.

Environmental concerns

Responsible action regarding the environment is 1 of our basic beliefs. Our actions at all locations are governed by the locally applicable legal and regulatory provisions. In addition, all our sites have an environmental management system certified to DIN ISO 14001.

Furthermore, an integrated environmental management system has been established at the Oberkirch location. It comprises the energy standard DIN ISO 50001:2018 and the environmental standard DIN ISO 14001:2015.

The documentation, reporting and control structures necessary in conjunction with the management systems have been implemented and are the responsibility of the respective management at each location. In addition, we continuously improve our Group-wide sustainability reporting. There is also regular employee training to boost their skill levels with regard to protecting our environment and to enhance awareness of this within the organization.

Greenhouse gases/energy efficiency

Reducing greenhouse gases (also referred to as "CO₂e emissions") is regarded as the topic with the highest level of relevance by far in our materiality matrix from the point of view of PWO as well as that of our stakeholders. Our efforts therefore particularly focus on this.

As mentioned above, we committed to the SBTi in the reporting year and had our targets for reducing greenhouse gases validated. We are aiming to reduce our absolute ${\rm CO_2e}$ emissions in line with the internationally recognized Greenhouse Gas Protocol ("GHG Protocol") by 46.2 percent for Scope 1 & 2 emissions and by 28.0 percent for Scope 3 emissions by 2030 compared to 2019 levels. Accordingly, we report below on our ${\rm CO_3e}$ emissions in line with the GHG Protocol.

KEY INDICATORS FOR ENERGY CONSUMPTION FOR THE PWO GROUP UNDER SCOPE 1 & 2

kWh	2022	2021	Base year 2019
Locally self-generated energy	-		
Purchased energy	31,868,742	30,495,854	33,163,749
District heating and steam	-		
Natural gas/propane	23,514,360	29,180,005	31,292,293
Use of fuels in production (oil, diesel, gasoline)	13,573	13,347	11,570
Coal	-		
Other renewable energy sources1	-	_	_
Fleet emissions	1,400,149	1,435,097	1,864,747
Total energy consumption	56,796,824	61,124,304	66,332,359
	33,33,22	, ,== ,,== .	/ /

¹ Other renewable energy sources include biogas, biomethane, liquid biofuels and biomass.

315 b-c HGB

019 Contact

002 About this report

003 Sustainability strategy

004 Notes on PWO's approach to

002 Business model

Separate 2022 non-financial report in

accordance with Sections 289 b-e,

005

PWO Non-Financial Report 2022

About This Report Business Model

Sustainability Strategy

Base year

KEY INDICATORS FOR CO, E EMISSIONS FOR THE PWO GROUP UNDER SCOPE 1 & 2

t CO ₂ e	2022	20211	Base year 2019¹
Total Scope 1 CO ₂ e emissions (net) ²	5,881	6,886	7,467
Total Scope 2 CO ₂ e emissions (net, market-based) ³	5,891	10,550	11,755
Total Scope 1 & Scope 2 CO ₂ e emissions (net market-based)	11,772	17,436	19,222
¹ Previous year's figures adjusted in some cases due to use of newly published emissions factors. The calculation me	ethods remain unaffo	ected.	
² Energy supplies to third parties in Oberkirch	111	156	62
³ Total Scope 2 CO ₂ e emissions (net, location-based)	18,182	18,686	20,491

KEY INDICATORS FOR CO, E EMISSIONS FOR THE PWO GROUP UNDER SCOPE 3

t CO ₂ e	2022	%	2019	%
Total Scope 3 emissions in line with GHG Protocol	256,298		305,087	
3.1 Purchased goods and services	199,299	77.8	244,983	80.3
3.2 Capital goods	19,650	7.7	12,303	4.0
3.3. Fuel- and energy-related activities	5,280	2.1	4,113	1.3
3.4 Upstream transportation and distribution	8,306	3.2	10,027	3.3
3.5 Waste generated in operations	107	0.0	92	0.0
3.6 Business travel	532	0.2	994	0.3
3.7 Employee commuting	1,806	0.7	2,113	0.7
3.9 Downstream transportation and distribution	19,492	7.6	28,636	9.4
3.12 End-of-life treatment of sold products	1,825	0.7	1,826	0.6

Note: 3.8 Upstream leased assets not relevant.

Note: 3.10 Processing of sold products, 3.13 Downstream leased assets, 3.14 Franchises, 3.15 Investments not relevant.

Note: 3.11 not relevant due to indirect emissions.

To manage the greenhouse gas emissions associated with our business activities, we focus on avoiding and reducing emissions. Therefore we combine the increase in energy efficiency in an integrated approach with the management of greenhouse gas emissions. In some cases, we also voluntarily compensate for emissions that are not yet avoidable. However, this is not included as a factor reducing emissions in our climate footprint.

We reduced our greenhouse gas emissions to a significant extent in the reporting year, as we switched to green power at locations in Germany and Czechia in particular. In addition, we introduced a gas tariff at the Canadian location that includes a surcharge for purchasing certificates. This is also not included as a factor reducing emissions in our climate footprint.

We use extensive energy data tracking at our Oberkirch location to manage energy efficiency. Around 100 test points deliver continuous load profiles for electricity, compressed air, and water, for example. Regular reports sent automatically to those in charge of the equipment in question create transparency and indicate the potential for change.

For example, the automatic shutdown management for presses and welding units was extended to additional equipment in the reporting year. This involves complex routines that have to be developed individually for each piece of equipment. On weekends especially, shutdown management allows an overall reduction in energy consumption of up to 40 percent.

In our business, a significant amount of power consumption is required to generate compressed air. Furthermore, our energy scouts are very active in identifying leaks in the compressed air system and additional energy saving potential in operating processes in general. For example, they modified the ventilation system control in a hall at the Oberkirch location in 2022 and fitted a timer here. The ventilation can now be switched off automatically outside production times. We also regularly replace older air compressors with new, more energy-efficient models, for example at our location in Canada in the reporting year.

006

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

In addition, presses in Oberkirch have been connected directly to a cooling tower, meaning that the cooling tower now switches off automatically if no presses are running and therefore no cooling is required.

Temperature decreases in the halls and offices and even more so in corridors and stairwells also made a significant contribution to saving energy at all locations. Furthermore, lock heating and doorway air curtains were switched off.

We are continuing to systematically reduce the energy consumption required for lighting throughout the PWO Group. To this end, we changed over from conventional lighting to LED lighting again in the reporting year, for example at the Oberkirch location and at the Czech location in offices and social rooms. In China, LED lighting has now been installed almost everywhere.

We have also reduced the lighting intensity and installed motion detectors. In Mexico, the lighting in the production area has also been adjusted to enable more daylight to be used as natural lighting.

The measures at the Canada location included the replacement of some conventional press drives with new concepts that use energy recovery.

Sustainable material usage

Based on our greenhouse gas balance, 94 percent of emissions in the base year 2019 were Scope 3 emissions, including around 80 percent from purchased goods and services. They particularly relate to the procurement of steel. This is completely recyclable – it is said that "steel is used, not consumed" – and is therefore an important element of a circular economy in vehicle production. Steel scrap generated in the course of production is collected throughout the Group for recycling.

There is currently only very limited availability of green steel. However, the industry is working hard to be able to offer this. Decarbonization of the steel industry is also up at the top of the political agenda. We are closely following all associated developments and want to be among the

first to take advantage of the future possibilities for green steel in close cooperation with our customers. For example, we carried out various production tests with green steel in the reporting year.

Beyond these external conditions, which we can influence only to a limited extent, we also want to make use of all current opportunities for the best possible sustainable material usage. In the reporting year, we therefore identified the 3 key sectors from which the majority of our Scope 3 emissions result. In the 2023 fiscal year, we intend to gather real data on Scope 3 emissions from our suppliers – which account for half of emissions for purchased goods and services – to replace the previous estimated data.

Waste

All waste is collected separately by type and properly disposed of in line with the relevant statutory and regulatory requirements at all our locations. When comparing waste quantities between the individual locations, different operating processes need to be taken into account. Effluents containing oil are particularly important in this context. For example, the Canadian location has almost the same waste volume as the German location even though its business volume is lower. This is because in Germany we separate oil/water mixtures on the company premises. The treated effluents can then be discharged into the public sewage system and only the volume of the oil sludge is allocated to the waste volume. In Canada, the same process is carried out at an external waste disposal company. The total oil/water mixture is therefore allocated to the location's waste volume there.

We steadily improve our recording of waste quantities each year and continuously increase our employees' awareness in terms of this sustainability topic as well. We implement new requirements very carefully. For example, the stricter requirements for more differentiated separation of waste in China were implemented in the operating processes in the reporting year.

We also decided in the reporting year to give particular attention to the benchmark of "zero waste to landfill and incineration" in the context of our participation in the "UN Global Compact SDG Ambition Accelerator program". We will therefore significantly increase the transparency of our waste and disposal processes in close cooperation with our disposal partners in the 2023 fiscal year, allowing for further improvement of management.

KEY INDICATORS¹ FOR WASTE

	Waste	to be recycled	Waste to	be disposed of
t	2022	2021	2022	2021
Group	1,737	1,761	169	168
Germany	595	630	2	2
Czechia	145	129	55	58
Canada	542	612	54	55
Mexico	337	276	58	53
China²	118	114	0	0

- ¹ The definition of the key indicators was standardized throughout the Group in the reporting year and the previous year's figures have been adjusted accordingly.
- ² The distinction between waste for recycling and waste for disposal is not made in China. The reported figures therefore reflect the entire waste volume in China.

Water and effluents

We operate recirculation systems at 2 of our locations to conserve our water resources. For example, we are using water from our own well at our Oberkirch location in the industrial area as part of a circulation concept and water from public wells exclusively for areas such as the canteen, social rooms, etc. We also operate a recirculation system at the Canada location. To reduce the volume of effluents, we are also continuously replacing water-based lubricants with purely oil-based ones. These are entirely captured and properly treated.

PWO

007

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

In the reporting year, there was a significant reduction in water consumption at our location in Germany, mainly as a result of removing the process step of once-through water cooling in production there. The increase in water consumption at the location in Mexico was primarily due to growth.

KEY INDICATORS FOR WATER

	water	Consumption
m³	2022	2021
Group	41,721	48,751
Germany	15,222	24,530
Czechia	5,702	5,387
Canada	3,477	3,149
Mexico	5,210	3,860
China ¹	12,110	11,825

¹ Previous year's figure adjusted.

EU Taxonomy

The purpose of the European Commission's European Green Deal is to enable the European Union to reach climate neutrality by 2050. A central tool for this is the EU Taxonomy – a classification system for defining environmentally sustainable economic activities. Under the Taxonomy Regulation (EU) 2020/852, economic activities are to be classified according to their contribution to 6 defined environmental objectives. This would allow capital flows to be directed towards sustainable economic activities.

The 6 environmental objectives are:

- climate change mitigation
- climate change adaptation
- 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

Currently reports should be provided on the first 2 objectives of climate change mitigation and climate change adaptation, as the European Commission has only determined specific criteria for these already.

Economic activities are accordingly considered sustainable under the Taxonomy Regulation if:

- they make a substantial contribution to climate change mitigation and/or climate change adaptation, as evidenced by meeting certain criteria
- they do no significant harm (DNSH) to any of the other EU environmental objectives as defined in more detail
- they comply with the defined minimum safeguards
- they meet the technical screening criteria defined by the European Commission

In introducing the Taxonomy Regulation, the European Commission initially published classification criteria for the economic activities of sectors with especially high carbon emissions. Suppliers to the automotive sector are covered by the EU Taxonomy Regulation only to a limited extent at present. There are currently no criteria according to which we could classify the share of Taxonomy-eligible and Taxonomy-aligned revenue for our business model. For this reason, in what follows we report on the share of sustainable operating expenditure (OpEx) and sustainable capital expenditure (CapEx) in line with the standards of the Taxonomy.

In the 2022 fiscal year, PWO is reporting for the first time on the share of capital expenditure (CapEx) and operating expenditure (OpEx) from assets or processes related to Taxonomy-eligible and Taxonomy-aligned activities.

The EU's Delegated Regulation (2022/1214) dated March 9, 2022 (Complementary Delegated Act), which is relevant to certain energy sectors, does not have any impact on PWO. Consequently, the reporting forms stipulated in it also are not published.

Taxonomy-eligible economic activities

For the 2022 fiscal year, we have identified 6 Taxonomy-eligible economic activities in line with the climate law for which CapEx or OpEx was incurred:

- 6.5. Transport by motorbikes, passenger cars, and light commercial vehicles
- 7.1. Construction of new buildings
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance, and repair of energy efficiency equipment
- 7.4. Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5. Installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

We allocated the 6 activities described above to the environmental objective of climate change mitigation. This allocation is in line with accounting at the PWO Group, thus avoiding double counting.

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Taxonomy-aligned economic activities

For an economic activity to be classified as environmentally sustainable or "Taxonomy-aligned," the activity must meet all technical screening criteria in addition to the description. These screening criteria consist of the criteria for a substantial contribution and the DNSH criteria. In addition, the minimum safeguards stipulated in the EU Taxonomy Regulations must be met.

Substantial contribution

To find out whether the economic activities identified as Taxonomyeligible make a substantial contribution to climate change mitigation and/or climate change adaptation, PWO examined the criteria in Annex I of the Delegated Regulation (EU) 2021/2139 and analyzed whether the criteria listed can be met.

No significant harm

To achieve Taxonomy-alignment, the economic activities not only have to make a substantial contribution to 1 of the environmental objectives, but also must do no significant harm to the other 5 environmental objectives. Depending on the respective economic activity, there are criteria for the other 5 environmental objectives that must be met.

Compliance with minimum safeguards

Compliance with the minimum safeguards is another requirement for an economic activity to be able to achieve Taxonomy-alignment. Companies must implement appropriate processes and procedures which, among other things, avoid negative effects on or violations of the following 4 topic areas: human rights (including labor and consumer rights), taxation, bribery and corruption, and (fair) competition.

Result of Taxonomy-alignment

The activities identified by PWO exclusively relate to the purchase of products from Taxonomy-aligned economic activities. For these activities, alignment must be examined at the level of the company that manufactures these products. This means that the manufacturer must already perform an assessment of Taxonomy-alignment. As a result of the Group having locations and thus purchasing products in non-EU

countries (Mexico, Canada, China), the suppliers could not provide corresponding documents on the Taxonomy-alignment of their products. This is partly because these countries and the suppliers from non-EU countries are not subject to Taxonomy reporting obligations themselves. Our suppliers from Germany and Czechia likewise could not provide documents on Taxonomy-alignment due to a lack of available data.

Calculating Taxonomy KPIs

The calculation of Taxonomy KPIs and reporting on Taxonomy-eligible and Taxonomy-aligned economic activities takes place in accordance with the requirements in the Taxonomy Regulation. The KPIs to be calculated are the shares of Taxonomy-eligible and Taxonomy-aligned capital expenditure and operating expenditure. As we – as explained above – cannot yet classify any sustainable revenue, all reported activities refer to purchased goods and services.

It is ensured that expenditure is clearly assigned to an activity. This rules out double counting of individual items of capital expenditure and operating expenditure.

Capital expenditure (CapEx KPI)

The CapEx KPI is defined as the Taxonomy-eligible and Taxonomy-aligned capital expenditure (numerator) divided by total capital expenditure (denominator). Total capital expenditure comprises additions to property, plant and equipment and intangible assets in line with the Definition in Annex 1 Commission Delegated Regulation (EU) 2021/2178 on the reporting obligations in the framework of the EU Taxonomy. It results from investments recognized in line with IAS 16 – Property, Plant and Equipment, Paragraph 73e, (i) and (iii), IAS 38 – Intangible Assets, Paragraph 118e (i), and IFRS 16 – Leasing, Paragraph 53 (h). The material accounting policies are shown in the notes to the financial statements of the PWO Group for fiscal year 2022 in the "Summary of significant accounting policies" section. For details on the development in the reporting year, please refer to the "15 Property, plant and equipment" subsection of the "Notes to the statement of financial position" section in the notes to the financial statements of the PWO Group.

Operating expenditure (OpEx KPI)

The OpEx KPI is defined as the Taxonomy-eligible and Taxonomy-aligned operating expenditure (numerator) divided by total operating expenditure as defined in the Taxonomy (denominator). Total operating expenditure comprises direct, non-capitalized expenditure in line with the definition in Annex 1 Commission Delegated Regulation (EU) 2021/2178 on the reporting obligations in the framework of the EU Taxonomy. It results from expenditure for rent and leases including small-ticket leases as well as maintenance and repair costs. In the PWO Group income statement, this expenditure is part of other operating expenses, depreciation and amortization, and financing expenses. Further information on this matter is shown in the notes to the financial statements of the PWO Group for the 2022 fiscal year in the "11 Other operating expenses" subsection of the "Notes to the income statement" section and in the "15 Property, plant and equipment" subsection of the "Notes to the statement of financial position" section.

009

PWO Non-Financial Report 2022

About This Report

Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Reporting Taxonomy KPIs

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

SHARE OF REVENUE FROM GOODS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES DISCLOSURE FOR 2022

					Criteria for a substantial DNSH criteria contribution ("Do no significant harm")															
	Code(s)	Absolute revenue	Share of revenue	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards				
Economic activities (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	Taxonomy- aligned share of revenue, Year N (18)	aligned share of revenue,	Category (enabling activities) (20)	Category (transitional activities) (21)
	_	EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	т
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Revenue from environmentally sustainable activities (Taxonomy-aligned) (A.1)								-	_	_	_			. <u>-</u>				_	_	_
A.2 Activities that are Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned activities)																				
Revenue from activities that are Taxonomy- eligible but not environmentally sustainable (non-Taxonomy-aligned activities) (A.2)				_																
Total (A.1 + A.2)				-													%		%	
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES				_	_							_								
Revenue from non-Taxonomy-eligible activities (B)			- 100	0																
Total (A + B)			- 100	0																

010

PW0 Non-Financial Report 2022

About This Report

Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

SHARE OF CAPEX FROM GOODS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES DISCLOSURE FOR 2022

				Cr	iteria f	or a sul	bstant	ial conti	ribution	1		("Do	no sign	DNSH ificant	criteria harm")					
	Code(s)	Absolute CapEx	Share of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned share of CapEx, Year N	Taxonomy-aligned share of CapEx, Year N-1	Category (enabling activities)	Category (transitional activities)
Economic activities (1)	(2)	(3)	(4)	(5)	(6)	(3)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	т
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx from environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Activities that are Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned activities)																				
6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	84,078	0.43																	
7.1. Construction of new buildings	7.1	756,245	3.83																	
7.3. Installation, maintenance, and repair of energy efficiency equipment	7.3	135,317	0.69																	
7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	110,434	0.56																	
7.5 Installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	3,751	0.02																	
CapEx from activities that are Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned activities) (A.2)		1,089,825	5.52																	
Total (A.1 + A.2)	_	1,089,825	5.52					_												
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																				
CapEx from non-Taxonomy-eligible activities (B)		18,662,232	94.48																	
Total (A + B)		19,752,057	100																	_

011

PW0 Non-Financial Report 2022

About This Report

Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

SHARE OF OPEX FROM GOODS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES DISCLOSURE FOR 2022

															criteria					
				Cr	iteria f	or a sub	ostanti		ribution			("Do	no sign	ificant	harm")					
	Code(s)	Absolute OpEx	Share of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned share of OpEx, Year N	Taxonomy-aligned share of OpEx, Year N-1	Category (enabling activities)	Category (transitional activities)
Economic activities (1)	(2)	(3)	(4)	(5)	6)	3	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	Т
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx from environmentally sustainable activities (Taxonomy-aligned) (A.1)		_		_	_	-				_		-			_	_			_	
A.2 Activities that are Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned activities)																				
6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	1,328	0.01																	
7.2 Renovation of existing buildings	7.2	172,786	1.88																	
7.3. Installation, maintenance, and repair of energy efficiency equipment	7.3	159,885	1.74																	
OpEx from activities that are Taxonomy-eligible but not environmentally sustainable (non-Taxonomy-aligned activities) (A.2)		333,999	3.64																	
Total (A.1 + A.2)	_	333,999	3.64																	
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES	_																			
OpEx from non-taxonomy-eligible activities (B)	_	8,849,252	96.36																	
Total (A + B)		9,183,251	100																	

012

PWO Non-Financial Report 2022

About This Report

Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Combating bribery and corruption

Compliance

In our materiality matrix, compliance is rated as the most relevant issue in the area of combating bribery and corruption in our materiality matrix. Compliant conduct, including combating corruption and bribery, is the foundation of lasting business success. Compliance with all legal provisions applicable to the PWO Group and internal regulations by the Executive Board, managers, and employees is a fixed component of our corporate culture.

Combating bribery and corruption is part of our Group-wide CMS. Compliance management primarily aims to detect compliance risks preventively and subsequently to minimize and monitor these risks. The Compliance Officer and the Group Risk Manager hold talks during the year, both in conjunction with planning and projection processes and also on an ad hoc basis, to discuss lessons learned and to ensure complete, comprehensive and consistent reporting to the Executive Board.

Key compliance risks for each company are recorded and qualitatively assessed in detail in the RMS. The central action areas have been defined as bribery and corruption, antitrust and competition breaches, property offenses, conflicts of interest, data protection breaches as well as insider trading and the disclosure of inside information. In the reporting year, we interlinked the CMS and the RMS even more closely. The risk situation and compliance issues are reported to the Executive Board regularly, and it discusses these regularly with the Supervisory Roard as well.

The CMS is gradually refined in line with the recognized IDW Auditing Standard 980 and DIN ISO 37301. For example, the following measures were taken in the reporting year to develop the CMS further and help make it eligible for certification:

In relation to compliance risks, a detailed questionnaire that had been substantially revised in the previous year was used at all PWO locations

in 2022. This serves to ensure a more objective assessment of the compliance risk at the respective national companies and their specialist departments regarding the risk areas of corruption and bribery, antitrust and competition breaches, property crimes, conflicts of interest, data protection violations, and insider trading and the disclosure of insider information.

Further measures in relation to the compliance program included the revision of the existing whistleblower system and the preparation of a new PWO Group "Whistleblowing" guideline in line with the requirements of the German Supply Chain Act ("LkSG") and the German Whistleblower Protection Act, which is expected to come into force by mid-2023. Among other things, the range of topics on which information can be reported via the electronic whistleblower system was expanded.

In addition, a guideline on handling trade secrets to implement the German Trade Secrets Act including associated processes was adopted by the Compliance Committee in the reporting year and implemented at the German location that is affected by the law.

Compliance content has traditionally been the focus of our e-learning courses. For this reason, the number of training courses and a training rate of 100 percent of the participant group are key indicators for the topic area "Combating bribery and corruption."

However, we are gradually further developing our training concept and provided updated and additional/new e-learning courses – for example, on sustainability, IT security, and data protection – to a considerably larger group of participants at all locations in the 2022 fiscal year.

As in the previous year, the group of participants was selected in line with risk considerations in the reporting year. It comprised all employees with a PC workstation. Among these employees, we generally achieve training rates of 100 percent. Employees without a PC workstation were given offline training by their respective managers for the first time. This offline training will be completed in the first quarter of 2023.

KEY INDICATORS FOR COMBATING BRIBERY AND CORRUPTION

Number of employees trained using e-learning courses

Number	2022	2021
Group	1,112	574
Germany	397	233
Czechia	265	126
Canada	115	44
Mexico	245	97
China	90	74

Employee concerns

Occupational health and safety

Occupational health and safety are rated as the most relevant issues in the area of "Employee concerns" in our materiality matrix. At the PWO Group, we therefore ensure a high standard of occupational health and safety. Our goal is gradually to establish an integrated management system at all our locations that combines the existing elements of environmental protection and energy management with occupational health and safety in an overall certified system. This integrated approach promotes synergies and allows for even more effective action in all areas.

We follow a preventive approach here: We want to prevent situations in advance that could lead to work-related accidents or illnesses. For this reason, we have implemented high technical and operational safety standards as well as guidelines and work instructions at all PWO Group locations. These describe the establishment, implementation, and continuous development of our occupational health and safety.

PWO

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

At all locations, health and safety experts work closely with the employees. By way of regular training, we inform all of our employees about occupational health and safety and motivate them to take on individual responsibility at the workplace. We stepped up our efforts here significantly at all PWO locations in the reporting year. The success of our measures was reflected in a sometimes substantial decrease in the frequency of accidents at almost all of our locations in the 2022 fiscal year.

Sports and healthcare activities offered by PWO's workplace health management in both on-site and hybrid formats are also intended to benefit employees' personal wellbeing. These also include a fitness hall that we have rented for our employees near our Czech locations, as well as extensive First Aid and other courses that are held on a regular basis.

Last but not least, protection against illness was again a key part of our activities in the reporting year. We continued to systematically refine the hygiene concepts that have been used since the outbreak of the coronavirus pandemic. We supported vaccination as a means of protecting against infection with our own consulting and vaccination activities for coronavirus and influenza.

Diversity

013

We actively promote diversity and create a workplace that is free from discrimination for all people regardless of their ethnicity, skin color, national or social origin or gender. It is our belief that mixed teams improve the quality of decisions because, for example, different perspectives allow new ways of thinking. We are often more attentive when relating to others because different experiences interact.

The average age of the workforce is therefore also a key indicator for us, as everyone benefits from exchanging knowledge across generations. Our employees expect to work in a motivating environment where experienced employees pass on their knowledge to the next generation, which helps new and creative ideas from the young professionals and executives to unfold. We, as a company, believe that we can be innovative and forward-looking – as declared in our mission statement – only when we have the most balanced age-mix possible. The average age of

the employees at our locations is in line with our expectations, and is very similar at our locations in Germany, Canada, and Czechia, while the workforce is younger on average in Mexico and China, reflecting the structure of their societies.

We also promote international dialog and collaboration within our Group by way of projects that are initiated and managed by different PWO locations. In sales, global key account and project manager teams are now the rule. In human resources in particular, we take advantage of the opportunities of online meetings, which have become established since the pandemic. Common standards are developed here in global conferences and projects are handled. Our benchmark is intercultural communication on an equal footing.

We take people's disadvantages into consideration and provide them with a framework in which they can develop their skills on the job. Additional support may involve taking part in administrative or governmental procedures or subsidizing the necessary retrofitting in their personal work environment. In 2023 we plan to conclude an inclusion agreement for the location in Oberkirch, and we are aiming to steadily increase the share of employees with disabilities in the PWO Group, too.

We are also working to increase the share of women executives. 1 of PWO AG's 3 members of the Executive Board is a woman. Effective April 1, 2022, the Executive Board has resolved to aim for a target for the share of women of 2 of 13 employees (corresponding to around 15.38 percent) at the first level under the Executive Board and 6 of 35 employees (corresponding to around 17.14 percent) at the second level under the Executive Board at PWO AG by March 31, 2027. At the end of the reporting year, the share was 6.67 percent (1 of 15 employees) and 8.33 percent (3 of 36 employees) respectively. At our international locations, the ratios are already higher now in some cases – particularly in China.

In particular, a good work-life balance, comprehensive and convenient arrangements for flexible remote working, and a culture of respect and understanding for short-notice family emergencies all help to increase the share of women in management positions. For example, a guideline

allowing employees to work from home 2 days a week was also introduced at our Canadian location in the reporting year. We continue to offer a wide range of work scheduling models that can be utilized by all employees, regardless of gender.

Good working conditions and employee satisfaction, employer appeal

To us, good working conditions mean all the activities that contribute towards high employee satisfaction. At the same time, the more satisfied our employees, the greater our employer appeal. This increases our possibilities to meet future qualitative and quantitative personnel requirements, and thereby to safeguard our competitive edge and future viability. Our concepts for occupational health and safety and diversity are also key tools in this regard.

We strive for a high level of employee satisfaction. To this end, we promote the personal well-being of our employees. It is important to us to take into account the personal needs of individuals and contribute to their ongoing personal and professional development. Traditionally, this also includes Group-wide executive meetings and the cultural interchange among our employees.

Our employees receive systematic and structural support when it comes to their career prospects and professional development. We work with them to develop a skills program that takes their skills and professional goals into account while keeping the medium-term needs of the PWO Group in focus. The program includes both key professional and methodological skills, as well as further skills development and targeted training for junior executives and specialists. Higher funding than in the previous year was provided for continuing professional development again in the 2022 fiscal year.

In addition, our talent program that was launched in the previous year continued in the 2022 fiscal year. It is not exclusively limited to our young talents, but is also intended for the more experienced. At present, 16 talented individuals from different specialist areas are being supported in a 20-month program running until the end of January 2023.

014

About This Report

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

We can already say that almost all of these individuals are developing successfully. Besides the executive track, which can be measured quantitatively and is therefore shown in the KPI table below, a project-based track is also offered. There is also the possibility for participants to develop within their function and take on higher-level activities or quality for different specialist departments. Taking account of all development options (not just the executive track), 16 out of 17 talented employees have developed further.

Starting from 2023, an alumni program for all former participants in the talent program is planned. The goal is to further promote dialog, networking, and knowledge transfer. In addition, we plan to launch a global talent program in which employees from all PWO locations can participate. We thereby intend to create international career tracks in the PWO Group.

In the reporting year, we developed a canon of PWO values, derived management principles from this, and comprehensively developed our values-based corporate culture further in this way. The 5 core PWO values and the eight management principles were rolled out internationally by way of extensive workshops at all PWO locations.

For example, at the German location a personnel development program was introduced for managers in production in summer 2022. Both team leaders and shift managers are given support with their leadership and communication behavior in a personnel development program lasting around 9 months. The program with the name "Strengthening shift managers and their employees" provided training on a wide range of topics in workshops.

In the first quarter, we launched the PWO Campus 2022 as a new offer. This comprises events, (kick-off) talks, discussions, training sessions, and dialogs on certain PWO-relevant topics for a wide range of employees. The speakers, initiators, trainers, and presenters may be either PWO employees or external guests.

The goal is to train employees in very different but always PWO-related topic areas, inform them about current issues, and also start a dialog as

far as possible. In addition to training, the focus is also on knowledge transfer and networking within PWO. The focus areas in 2022 included hybrid work, rhetorical skills, project management, methodological quality, and health.

With all these instruments, we are striving to provide comprehensive support for lifelong learning and development. To ensure that they are properly structured and managed, and to assess their efficiency, in conjunction with PWO's digital transformation strategy we use a highly specialized software that covers the 4 work areas of recruitment, learning, performance and goals, and succession and development. This is gradually being rolled out globally.

Revitalizing the Oberkirch location

Despite a variety of efforts over the past years, the current earnings power of the German location is not yet satisfactory. This was partly attributable to its energy costs, which were among the highest worldwide even before the recent energy crisis and rose particularly sharply again, at least temporarily, in 2022.

In addition, the location is negatively impacted by the high staff costs in Germany, which will see a significant further increase under the current collective bargaining agreement for the metal and electronics industry and following the increase in the statutory minimum wage in the 2022 fiscal year.

This makes the successful conclusion of the supplemental collective bargaining agreement for our Oberkirch location in November 2022 all the more significant. Starting from January 1, 2023, this followed on from the previous agreement. It has a term of 4 years.

The new agreement stipulates a working week of 37.5 hours still at the Oberkirch location. It includes employment protection in line with the previous regulation and provides for updated profit sharing for the employees as compared to the previous agreement. In this way, we have ensured that productivity at the German location will at least not decrease further as compared to the current level.

Training opportunities for young people

With regard to our training at the Oberkirch production location, we have revised our strategy and refocused our organization. We see our training as an investment in the future. On successful completion, our goal is to offer trainees a suitable, forward-looking job.

During the transformation of the mobility industry, we temporarily have less need for new junior staff at the German location, but more need at our international locations. We have therefore reorganized the trainee positions we offer in line with the planned personnel requirements as part of the strategic planning for the entire PWO Group.

Our experience with high-quality training in Germany has also been applied in Mexico, for example. We will step up these efforts further in the coming reporting year, for example with personal dialog between trainees for the purposes of knowledge transfer. We also want to start our own training concept in Canada in the future.

Development in staff turnover ratio

In the proper context, the staff turnover ratio is 1 of the most important items of information that we receive about our role as an employer. Overall, the ratio remained low in absolute terms at our locations in the reporting year. This applies both to our location in Germany and our locations abroad, where employee loyalty is typically less pronounced than in Europe. After a recent rise, the ratio decreased again at many of our locations in the 2022 fiscal year, although we are growing and therefore hiring additional employees.

015

PW0 Non-Financial Report 2022

About This Report

Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

KEY INDICATORS FOR EMPLOYEE CONCERNS

Key indicator	Unit	Fiscal year	Group	Germany	Czechia	Canada	Mexico	China
		2022	2,837	977	694	292	588	286
Employees ¹	Number	2021	2,969	1,157	653	306	531	322
		2022	67	52	5	2	8	0
Trainees ²	Number	2021	108	90	8	2	8	0
		2022	1.5	0.8	1.1	4.1	1.9	1.1
Turnover ratio	Percent	2021	1.7	1.3	1.0	3.8	2.4	1.2
		2022	39.9	42.9	41.1	40.0	35.3	35.1
Average age of workforce ³	Years	2021	39.8	42.3	40.4	42.4	35.6	34.9
		2022	10.5	18.1	8.8	5.7	4.9	5.8
Average length of service ³	Years	2021	10.7	17.7	8.8	6.2	4.9	4.9
		2022	22.5	13.3	21.3	24.9	35.9	24.2
Women as a percentage of the workforce ³	Percent	2021	20.4	12.7	18.2	23.5	34.5	24.1
		2022	9.5	6.7	0.0	50.0	0.0	0.0
Women as a percentage of executives including staff units, level 14	Percent	2021	5.6	0.0	0.0	50.0	0.0	0.0
		2022	13.2	8.3	10.0	25.0	0.0	36.4
Women as a percentage of executives including staff units, level 24	Percent	2021	13.5	8.6	9.1	28.6	0.0	40.0
		2022	33	11	15	7	0	0
Employees on parental leave ³	Number	2021	53	17	17	3	13	3
		2022	586	370	80	41	77	18
Training costs	EURk	2021	317	222	32	22	29	13
		2022	3.3	1.7	1.9	0.4	10.0	0.8
Average days of training and continuing professional development	Days	2021	1.2	0.9	1.7	0.5	1.0	1.7

016

PW0 Non-Financial Report 2022

About This Report Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Key indicator	Unit	Fiscal year	Group	Germany	Czechia	Canada	Mexico	China
		2022	3.2	9.4	0.0	0.0	0.0	0.0
Part-time ratio ³	Percent	2021	2.3	6.1	0.2	0.0	0.0	0.0
		2022	9.9	17.1	6.8	1.9	5.2	15.5
Accident frequency rate ⁵	AccR	2021	13.1	14.2	11.3	18.6	10.7	13.0
		2022	4.1	5.8	6.2	3.1	1.6	1.3
Sick leave ⁶	Percent	2021	3.7	4.0	6.5	3.5	1.7	1.0
		2022	1.7	3.4	1.2	1.4	0.3	0.0
Share of employees with disabilities ³	Percent	2021	1.8	3.1	1.4	3.3	0.0	0.0
		2022	44.4	47.8	20.0	_	100.0	-
Hiring of trainees/dual-study students ⁷	Percent	2021	44.4	44.4	_	-	-	-
		2022	38.5	47.1	-	-	100.0	0.0
Promotion of talent program participants ⁸	Percent	2021	38.2	38.9	_	-	0.0	75.0

¹ As of December 31, 2022/December 31, 2021; including Executive Board and temporary employees

² As of December 31, 2022/December 31, 2021; number of trainees (including employees in training at PWO AG, Germany)

³ As of December 31, 2022/December 31, 2021; not including temporary employees

⁴ As of December 31, 2022/December 31, 2021; for PWO AG and the subsidiaries, the first/second level below the Group Executive Board

⁵ Work accidents involving employees per year per 1 million productive working hours; not including temporary employees

⁶ Ratio for 2022/2021; not including temporary employees

⁷ Ratio for 2022/2021; trainees and students at the Duale Hochschule (Cooperative State University) relevant to PWO AG, Germany who graduated in 2022/2021

⁸ Ratio for 2022/2021

017

PW0 Non-Financial Report 2022

About This Report

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Respect for human rights

Responsibility at our locations

We pursue an integrated management approach to fulfill our due diligence regarding respect for human rights. This means that it covers our supply chain in addition to our own locations.

To promote the culture of integrity in the PWO Group, codes of conduct that set out the principles of our day-to-day business activities apply worldwide and are binding for all employees. This applies to our interactions both with each other and with our business partners.

In addition, we have introduced a Human Rights Policy. This reaffirms PWO's commitment to respect for human rights and is a binding basis for implementing the core elements of due diligence in relation to human rights.

In particular, we have set the following standards:

- · We respect and uphold human rights.
- As a Group and as individuals, we are all responsible for complying with the applicable laws and internal codes of conduct.
- Without exception, we are committed to the principles of free and fair competition as an elementary component of the market economy order.
- We do not tolerate any form of corruption or bribery in our global business activities.
- Business decisions must not be influenced by private or personal interests.
- We ensure and protect the confidentiality of sensitive information, data, and business secrets.

 Transparent business activities are required and encouraged. Our employees can therefore turn to us in confidence at any time.

Business Model

We also stand for fair treatment and fair working conditions. This includes the prohibition of forced or slave labor, human trafficking and child labor, compliance with legally or contractually required or agreed remuneration, freedom of association and the right to respectful treatment at work.

PWO is committed to the freedom and equality of all persons, regardless of their ethnicity, skin color, language, religion, national or social origin, gender, birth or other status. Our actions are guided by the United Nations Guiding Principles on Business and Human Rights, the International Charter of Human Rights and the fundamental conventions of the International Labor Organization.

Through PWO's leadership principles, each employee with management or supervisory duties makes a commitment to adhere to the principles of responsible conduct towards one another and our stakeholders with long-term, sustainable value added at the core of their actions.

The rights of our employees are fully protected. Compliant conduct is ensured by our CMS, which is closely linked to the RMS and involves both PWO AG's Executive Board and Supervisory Board.

PWO AG is bound by the collective wage agreements of the German metalworking industry. There are employee representatives on the company's Supervisory Board in line with the statutory regulations on co-determination. Through these representatives, our employees are involved in the monitoring of the company and actively influence its continued strategic development. The Executive Board is also in close, regular contact with the employees and their representatives in the operating business.

By tradition, employee interests are well represented at our international locations, especially those in Mexico and Czechia. At the Canadian location, a separate, in-house form of employee involvement has developed in recent decades in close cooperation with the local management team. This is well-established and provides employees with an opportunity to articulate their interests, which makes a significant contribution to creating a motivated work atmosphere.

These forms of employee co-determination are largely unknown in China. Therefore, similar to our approach at our Canadian location, we maintain our internal dialog based on both our corporate principles and local customs.

Responsibility in the supply chain

Responsibility in the supply chain is rated as the most relevant issue in the area of "respect for human rights" in our materiality matrix. In addition to our PWO Code of Conduct, we have also established the PWO Business Partner Code with regard to this responsibility.

In this context, the process for sustainable procurement and business partner compliance that was defined and introduced at the Oberkirch location in the 2021 fiscal year was already implemented in part in 2022. At the international locations, the introduction and application of the process was gradually initiated in 2022. This is to be completed throughout the Group in 2023.

This process requires certain new suppliers to undergo an integrity check regarding our sustainability requirements before we consider placing an order with them. Existing suppliers are reviewed each year as part of a simplified review of new findings. This process reflects both our customers' higher ESG requirements (requirements relating to environmental, social, and governance aspects) and the LkSG, which came into effect on January 1, 2023 and initially applies to companies with at least 3,000 domestic employees. We implemented the requirements of the LkSG earlier than legislators required for a company of our size.

018

PW0 Non-Financial Report 2022

About This Report

Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Social issues

We are actively involved in society and cooperate with municipalities, local authorities, and educational institutions. Our locations each set their own priorities here based on what is most suitable for their local environment. In addition to social and artistic initiatives, the Oberkirch location also focuses on the local sports club, while the Canadian location regularly doubles the sums donated by its employees. Here too, its social commitment often relates to sports activities for children, as well as food donations and animal welfare.

Among other activities, our Czech locations support schools in technical fields or with learning assistance for children with disabilities. They also cooperate with schools and universities. Another major focus there in the 2022 fiscal year was supporting the Ukrainian employees and their relatives fleeing the war. For example, a big welcome event was organized for them, and they were given support with all issues that make it possible to settle in – from finding furnished apartments and schools to support with medical care.

PW0 Non-Financial Report 2022

About This Report Business Model

Sustainability Strategy

Notes on PWO's Approach to Non-financial Aspects

Contact

Separate 2022 non-financial report in accordance with Sections 289 b-e,

315 b-c HGB

002 About this report

002 Business model

003 Sustainability strategy

004 Notes on PWO's approach to non-financial aspects

019 Contact

Investor Relations Contacts

Dr. Cornelia Ballwießer

CFO

019

Telephone: + 49 7802 84-844

ir@pwo-group.com

Charlotte Frenzel

Investor Relations & Corporate Communications Telephone: + 49 7802 84-844

ir@pwo-group.com

Figures in this document are typically presented in EURk. Differences in the individual figures versus the actual amounts may emerge due to rounding. Such differences are not of a significant nature. The English translation of this document is provided for convenience of understanding only. In case of any different interpretation of the texts in German and English, the German version shall prevail.

Pictures

PWO

Design

Berichtsmanufaktur GmbH, Hamburg



PROGRESS-WERK OBERKIRCH AG

INDUSTRIESTRASSE 8 77704 OBERKIRCH GERMANY

TELEPHONE +49 7802 84-0 INFO@PWO-GROUP.COM PWO-GROUP.COM