

Progress-Werk Oberkirch AG - Mission Statement in accordance with Section 6 (2) of the Lieferkettensorgfaltspflichtengesetz (German Supply Chain Due Diligence Act, 'LkSG')

Progress-Werk Oberkirch AG, together with its affiliated companies in the meaning of Section 15 of the Aktiengesetz (German Stock Corporation Act, 'AktG') (collectively 'PWO'), affirms its commitment, as a partner of the global automobile industry, to responsible and sustainable Corporate Governance. For us, besides compliance with legal framework conditions, this means the respect of human rights and protection of the environment. PWO works toward the realization of this fundamental concept both in its own business activities and across its entire supply chain. We have set a Sustainability strategy for ourselves, which we will explain in this Mission Statement, as the basis for anchoring our sense of responsibility in regard to human rights and environmental protection as a natural source of livelihood.

As a partner in the global automobile industry, we have many stakeholders with an essential interest in sustainable corporate management at PWO, whose expectations decisively influence the direction of our future development. Sustainable business leadership can only succeed if these stakeholder expectations are integrally taken into account. For this reason, we have initiated our PWO Sustainable Transformation project, which appraises the expectations of stakeholders as part of stakeholder analysis and prioritizes through materiality analysis, in order further to refine our target vision of PWO's sustainable orientation. The results of these analyses will in future flow into this Mission Statement.

I. Sustainability Issues

Sustainability strategy is part of our Governance Concept, which distinguishes between human rights- and environmental issues.

In our view, as human rights-related themes especially

Mission Statement on Sustainable Corporate Governance



September 2021

- compliance with the ban on child labor;
- observance of the ban on human trafficking, slavery and other forms of forced labor;
- the guarantee of occupational health and safety protection;
- respect of the freedom of association;
- the discrimination-free treatment of employees;
- the guarantee of appropriate work conditions for employees, including appropriate remuneration and maintenance of employability;
- the avoidance of unfair use of private or public security staff for business purposes;
- the protection of the rights of indigenous peoples and the prohibition on unlawful land seizure

and as environment-related themes especially

- the avoidance of adverse effects on healthy living conditions caused by environmental damage;
- the responsible use of resources, in particular energy, water and natural resources;
- the responsible management of emissions into water, the air and ground;
- the responsible handling and trade of waste, especially for chemicals which are hazardous to health and the environment

are of significance. The standards for interpretation of the terms of human rights- and environment-related themes are set by the 'Universal Declaration of Human Rights' of the United Nations, the principles of the UN Global Compact, the core labor standards of the International Labor Organization (ILO) and the provisions of the German Supply Chain Due Diligence Act.

II. Results of Risk Analysis

In order to guarantee appropriate attention to human rights and environmental protection in our supply chain, we have analyzed possible risks by type, extent and origin of the goods and services relating to us.

For this purpose, we have first included our own position as a producer firm in the value creation chain for automobiles as the end product. PWO maintains production sites in Germany, the Czech Republic, Canada, Mexico and China. We use primarily steel and other metal products, processed intermediate goods and components and plants, machines and operating materials needed for processing to produce advanced metal components and sub-systems in lightweight design. Furthermore, we require work performance for goods production, transport and logistics and in the operation of our production sites.

Mission Statement on Sustainable Corporate Governance



September 2021

The purchase of production materials has the largest weighting in our value creation, which is why we have dedicated special attention to it in analyzing human rights- and environment-related risks. We mostly use production materials provided by suppliers at our locations, without being limited to them. Even if PWO does not procure the raw materials directly from extraction sites, we keep this in view as the origin of our supply chain. We see a broad spectrum of risk in the business area of indirect suppliers, which encompasses both issues relating to work (child labor, forced labor, occupational safety, freedom of association, remuneration, non-discrimination), social responsibility (unfair use of security staff, the rights of indigenous peoples, land seizure) and environmental protection (maintenance of livelihoods, resource use, emissions, handling of waste). With our direct suppliers, who for the most part are themselves active in the further processing, work-related and environmental themes are in particular brought to the fore.

The purchase of labor and services, notably those requiring low worker qualifications, requires special sensitivity in regard to work-related human rights concerns.

III. Expectations on our Business Partners

It is an indispensable prerequisite for us when selecting and assessing, as well as cooperating with, our business partners for them to act in conformity with the law and in observance of ethical standards, that they take this into consideration when choosing their business partners and work toward the realization of this basic understanding in PWO's supply chain.

PWO expects its business partners and indirect suppliers to recognize the 'Universal Declaration of Human Rights' of the United Nations, the principles of the UN Global Compact and the core labor standards of the International Labor Organization (ILO), taking into consideration the applicable country-specific laws in the various locations. PWO expects its business partners to guarantee compliance with fundamental human rights in line with the applicable national legal structure in their area of business.

Child labor

PWO expects its business partners to prohibit and refrain from any form of child labor in their companies.

Discrimination

PWO expects its business partners to treat its employees fairly and to prevent discrimination in the employment of workers, as well as in the promotion and remuneration of equal work or granting of training opportunities. We expect each business partner not to discriminate against anyone based on their gender, skin color, national and ethnic origin, their age, nationality, political opinions,

Mission Statement on Sustainable Corporate Governance



September 2021

world-view, religious identity, social background, their health status, disability or sexual orientation. The rights of indigenous peoples should be respected and protected by PWO's business partners.

Human trafficking, slavery and other forms of forced labor

PWO opposes all forms of human trafficking, slavery, forced labor or similar practices and expects the same of its business partners.

Freedom of association

PWO expects its business partners to respect the freedom of association, as well as the right to form interest groups. Thereby, they grant their employees the right to exercise their collective interests pursuant to national law and regulations.

Remuneration and work hours

PWO expects its business partners to comply with the applicable legislation on work hours. We expect, furthermore, that the employees of our business partners will receive remuneration in line with the applicable national laws.

Occupational health and safety protection

PWO expects its business partners to comply with the applicable legislation on occupational health and safety protection. The business partners promote the safety and health of their workers through appropriate measures such as preventive and consistent labor protection, corresponding instruction and training, as well as safe and healthy workplace environments.

Use of security staff

PWO expects its business partners to counteract the exercise of repressive violence in their use of private or public security staff for company purposes.

Land acquisition

PWO expects its business partners when acquiring land not to participate in unlawful forced evictions or other forms of illegal dispossession of land, forests and waters on which a person's livelihood depends.

Efficient handling of resources

Our business partners should strive for the efficient use of resources within the means at their disposal. In particular, non-renewable resources should be used as carefully as possible.

Mission Statement on Sustainable Corporate Governance



September 2021

Avoidance and reduction of environmental impacts

Our business partners should in any given case record and monitor heavy emissions and as far as possible strive for their continual reduction. We expect targeted prevention from our business partners, especially where environmental impacts can cause damage to the basis of food production, to access to sanitary facilities and clean drinking water or the health of persons.

Handling of hazardous substances and waste

Our business partners should observe and comply with the framework set out by international conventions in the use, production and handling of hazardous substances and waste.

Environmentally friendly products

Our business partners should take care in the development of products and services to ensure the economical use of energy and natural resources. PWO expects its business partners to comply with the applicable environmental laws, regulations and standards.

IV. Expectations on our Employees

For us here at PWO, compliance with legal provisions and ethical standards and requirements is an essential and integral element in our canon of corporate values and constitutes a key foundation for successful and sustainable growth. Our business activities are always in the service of improving people's quality of life. Our credo, 'Business as a force for good,' expresses this conviction and decisively influences our guiding principles.

We clearly affirm these maxims and demonstrate this through a continuously high level of integrity and sustainability in our actions. In order to ensure compliance with the legal requirements and ethical principles of the PWO Group, we have integrated them into our Code of Conduct, which, along with prevention and control measures, is intended to support our values-based Compliance Management System (CMS).

The Code of Conduct represents operational guidelines for all employees and supports them in their everyday work. Supplementary guidelines and training are intended to raise awareness of certain issues and thus facilitate dealings for the workers.

The Executive Board gives its unreserved affirmation of compliance with basic human rights in line with the applicable national legal structure and refrains from doing business which violates the compliance principles. Likewise, legally and ethically proper behavior is expected from all

management personnel and workers in their everyday business practice. All employees should be aware of their personal responsibility.

V. Process Description

1. Risk Management

We hold our suppliers responsible for taking account of risks with regard to aspects of sustainability within the scope of procurement in our supply chain. We express the aforementioned expectations in a Code for Business Partners, which all business partners must recognize in order to enter a business relationship with PWO.

In the selection of potential suppliers of production materials, as well as in external processing, we evaluate sustainability risks with our own background research, site analyses and consideration of CSR reporting. If a company is selected as a potential supplier, it must fill in a Self-Assessment Questionnaire before entering the supplier relationship and provide corresponding evidence. We demand consideration from our suppliers of our prioritized aspects of sustainability in a group-wide Code of Conduct and the implementation of an analysis, depending in extent on the size of the supplier, of the risks they are exposed to in their own area of business and in their supply chains. They are obliged to work toward a comparable standard in the supply chain subordinate to them.

We place heightened risk-based requirements on our suppliers using country lists and background research on individual suppliers produced on the basis of statistical data, up-to-date reports and sector indicators. Using corresponding indicators, these must verify individual risk management measures, which we inspect for their appropriateness. The underlying examination of our business partners is updated by annual rota.

These minimum requirements are supplemented by a scoring system of possible measures, whereby we work toward the improvement of CSR Management through the agreement of action plans together with our suppliers for the duration of the business relationship.

For the purchase of labor and services, we follow an adapted concept due to the restrictable risk profile and the shortening of the supply chain. We oblige our service providers in particular to observe the work-related aspects of human rights. This includes instructing their own workers on their granted rights. The workers must also be informed on the whistleblower system set up by PWO for reporting legal and compliance violations. We inspect the implementation of the obligations among other things by interviewing the workers employed with and for us.

2. Corrective Measures for Violation of Protected Legal Positions

In the event of substantiated indicators of adverse effects on aspects of human rights and environmental protection in one of our supply chains due to a direct business partner, we request immediate clarification from it and require it, in case a violation of protected legal positions is identified, to remove the negative impact without delay or, if no other option is available, to minimize the effects. We analyze together with our business partner the causes of the detriment and agree forward-looking preventive measures which are checked in the subsequent time period. In case of inadequate cooperation of a business partner, PWO reserves the right to suspend the supplier relationship and to end it as ultima ratio.

If adverse effects become evident in the business area of indirect suppliers, we emphasize the expectations placed on all parts of the PWO supply chain expressed in our Code for Business Partners. We make efforts to support indirect suppliers in removing and ameliorating negative effects on aspects of human rights and environmental protection. If an indirect supplier does not show the will to make improvements, we work with our direct suppliers toward excluding them from our supply chain.

3. Preventive Measures in our Own Business Area

Our sustainability strategy and the procurement strategies and purchasing policies contained therein are implemented through the collective efforts of Purchasing, Quality Management and the Compliance Office and supported by all company management personnel and employees. The knowledge required for this is conveyed by training to the workers involved with implementation. The execution of the measures is guaranteed through controls which are either process-integrated or process-independent and carried out by the Compliance Office, as well as by reporting obligations. Further control options are guaranteed by documentation of the individual process steps of Risk Management. The Executive Board is informed through annual reports on the status of supply chain compliance. The Sustainability strategy is evaluated and improved by rotation and on a case-specific basis.

4. Complaints Procedure

We have also opened up the system for reporting indicators and concerns set up at PWO to employees and persons affected by the financial dealings of direct and indirect suppliers. Whistleblowers will receive an immediate confirmation of receipt for their information. Reports can be made anonymously and are handled confidentially. PWO ensures that whistleblowers do not

experience discrimination due to providing information. We oblige our business partners to refrain from obstructing workers in any way from using our whistleblower system, and reserve the right to terminate the business relationship in case of noncompliance.

5. Documentation and Reporting

The implementation of the individual process steps to realize our sustainability strategy is guaranteed by an internal company documentation and reporting system. Using these sources, we make an annual report available to the public on our internet presence, which contains the representation of the process steps, their effects and effectiveness, present findings of risk analysis and conclusions derived from them for future measures.



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