

The PWO logo is located in the top right corner of the page. It consists of the letters 'PWO' in a bold, orange, sans-serif font, set against a white rectangular background.The main title 'NON-FINANCIAL REPORT' is centered on the page in a large, white, outlined, sans-serif font. The background of the entire page is a scenic landscape featuring a paved road that curves through a lush green field towards a forested hillside under a clear blue sky. A dark-colored car is shown in motion on the right side of the road, blurred to suggest speed.

2023 FISCAL YEAR

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Sustainability is one 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. 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 2023 non-financial report comprises the 2023 non-financial report for PWO AG and for the PWO Group (also referred to as "PWO" or the "Group"), which comprises PWO AG and its 5 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), Serbia (comprising PWO SEE d.o.o., Belgrade, Serbia, 1 location), 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 2023 non-financial report apply to the Group as a whole. However, the Serbian location is a new operation that commenced as of July 1, 2023. The implementation of the policies and procedures applicable throughout the Group will be adapted at this location to the respective scope of business activities.

Business model

PWO is one of the world's leading developers and manufacturers of sophisticated metal components and systems in environmentally friendly lightweight construction for the international mobility industry and for other sales markets where our expertise in metal forming and the associated joining technologies are sought after.

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.

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 (GRI).

For information on other aspects of our business model, please refer to the comments in the section entitled "PWO Group Principles" under the subsection "Business model", which can be found in the combined Group management report and management report of PWO AG for fiscal 2023.

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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 fiscal 2021. Topics have been grouped in line with non-financial reporting aspects in accordance with section 289c HGB. The materiality matrix has been published on the PWO website at [→ www.pwo-group.com/en/group/corporate-governance/](https://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 vital 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 mobility 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 fiscal 2022, 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 fiscal 2022 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 measures and objectives related to various non-financial aspects at each of our locations by means of comprehensive consumption data, specific key indicators for production and diverse tools for personnel management. Moreover, non-financial aspects are taken into account in our internal control system and risk management system (jointly referred to as the RMS) and our compliance management system (CMS). We also use quality management systems at all locations, except Serbia.

PWO AG's Executive Board and Supervisory Board 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/](https://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 fiscal 2023.

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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 non-financial aspects and risks, as well as their possible impact, are integrated into the Group-wide RMS for potential risks. This also includes risk-mitigating measures, if necessary. 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 one or more of the non-financial aspects.

To further improve the risk management and early warning system, ESG risks are now recorded by the risk owners at all the Group's locations using a detailed digital questionnaire and assessed on the basis of the net impact classification and the possible probabilities of occurrence. This is done once per year in order to plan for the coming fiscal year. Intra-year projections will also be added twice per year from fiscal 2024.

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 one of our basic beliefs. Our actions at all locations are governed by the locally applicable legal and regulatory provisions. In addition, all our sites – with the exception of the one in Serbia – 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. Furthermore, we are continuously improving 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 2022 and had our targets for reducing greenhouse gases validated. We are aiming to reduce our absolute CO₂e 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 CO₂e emissions in line with the GHG Protocol.

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

kWh	2023	2022	Base year 2019
Locally self-generated energy	-	-	-
Purchased energy	33,888,679	31,868,742	33,163,749
District heating and steam	95,600	-	-
Natural gas/propane	19,098,620	23,514,360	31,292,293
Use of fuels in production (oil, diesel, gasoline)	8,963	13,573	11,570
Coal	-	-	-
Other renewable energy sources ¹	-	-	-
Fleet emissions	1,339,688	1,400,149	1,864,747
Total energy consumption	54,431,550	56,796,824	66,332,359

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

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KEY INDICATORS FOR CO₂e EMISSIONS FOR THE PWO GROUP UNDER SCOPE 1 & 2

t CO ₂ e	2023	2022 ¹	Base year 2019 ¹
Total Scope 1 CO ₂ e emissions (net) ¹	4,827	5,881	7,467
Total Scope 2 CO ₂ e emissions (net, market-based) ²	4,590	5,891	11,755
Total Scope 1 & Scope 2 CO₂e emissions (net, market-based)	9,417	11,772	19,222
¹ Energy supplies to third parties in Oberkirch	34	111	62
² Total Scope 2 CO ₂ e emissions (net, location-based)	18,156	18,182	20,491

KEY INDICATORS FOR CO₂e EMISSIONS FOR THE PWO GROUP UNDER SCOPE 3

t CO ₂ e	2023	%	Base year 2019	%
Total Scope 3 emissions in line with GHG Protocol	289,940		305,087	
3.1 Purchased goods and services	234,835	81.1	244,983	80.3
3.2 Capital goods	18,788	6.5	12,303	4
3.3 Fuel- and energy-related activities	5,501	1.9	4,113	1.3
3.4 Downstream transportation and distribution	10,202	3.5	10,027	3.3
3.5 Waste generated in operations	111	0	92	0
3.6 Business travel	947	0.3	994	0.3
3.7 Employee commuting	1,679	0.6	2,113	0.7
3.9 Downstream transportation and distribution	15,950	5.4	28,636	9.4
3.12 End-of-life treatment of sold products	1,928	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 reduce the greenhouse gas emissions associated with our business activities, we focus on avoiding and reducing emissions. We therefore combine the enhancement of energy efficiency in an integrated approach together with the reduction of greenhouse gas emissions.

As a result of our growth, and because it was not possible to continue individual measures from 2022, we had anticipated a slight year-on-year increase in greenhouse gas (GHG) emissions in fiscal 2023. Instead, however, we achieved a significant reduction of 20.0 percent. Compared to the baseline year of 2019, we have therefore reduced our emissions by

51.0 percent in total, already surpassing our SBTi target of a reduction of 46.2 percent by 2030 in the reporting year. With our SBTi targets, we are implementing the Paris Agreement and are on track for the 1.5-degree goal for Scope 1 & 2.

Various measures contributed to the highly positive performance in the reporting year. Our Czech locations were key drivers of the PWO Group's growth. As these sites exclusively use green power, expanding our business activities here does not mean increasing GHG emissions.

Our gas consumption was significantly reduced as well. One factor contributing to this is that, at our location in Canada, for example, we can now control the use of metalworking fluids much more precisely, i.e. the oils and other fluids used for cooling or lubrication in metalworking. As a result, the washing of finished components can increasingly be dispensed with, and the parts washing facility, which runs on fossil gas, can often be switched off entirely. Production therefore now uses significantly less fossil gas, and it is now mainly used to heat workspaces.

Strict heating management still applies throughout the whole of the PWO Group. For example, this means that the heating is systematically switched off in storage areas where people do not spend time, thermostats in corridors and staircases especially are set to lower temperatures than before, airlock heating and door air curtains are switched off and the seals on outside doors are regularly replaced. Last but not least, the heating oil tanks were not filled in the reporting year. This is the reason for the lower energy consumption in the category "Use of fuels in production (oil, diesel, gasoline)".

Our ongoing activities to reduce energy consumption are having a positive effect as well. In particular, these include the continuous improvement of energy data collection, for instance on electricity, compressed air and water, the inclusion of additional systems in automatic shut-down management for presses and welding units, the reduction of electricity consumption for compressed air generation, also with our energy scouts – they identify leaks in the compressed air system and additional energy-saving potential in operating processes in general – and the extensive use of LED lighting and, wherever possible, daylight.

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We made key decisions for the further reduction of GHG emissions in the reporting year. In addition to the improvements we regularly make to save energy and increase energy efficiency, we are looking to convert our locations in the Mexico segment and our locations in the China segment completely to green power as early as fiscal 2024 and fiscal 2026 respectively. To this end, we will install photovoltaic systems in each of these segments and additionally use instruments recognized by the SBTi – such as renewable energy certificates in accordance with the I-REC standard.

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. In the reporting year, we signed a partnering agreement with Salzgitter Mannesmann Stahlservice GmbH – a subsidiary of Salzgitter AG – to procure green steel from Salzgitter from 2026 onwards. This will enable us to offer our customers an environmentally friendly alternative to conventionally produced steel in the future.

With the “SALCOS® – Salzgitter Low CO₂ Steelmaking” transformation program, the Salzgitter Group is gradually converting its steel production to hydrogen-based processes. The goal is virtually carbon-free production from 2033 onward. In this process, the classic blast furnace route will be replaced by a production route using direct reduction and electric arc furnaces.

We wish to exhaust the existing opportunities for the best possible sustainable use of materials. In 2022, we therefore identified the 3 key sectors from which the majority of our Scope 3 emissions result. Then, for the first time in 2023, we gathered real Scope 3 emissions data on suppliers that account for more than half of the emissions for purchased goods and services. We have therefore slightly outperformed our target for this for 2023.

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. Every year, we steadily improve our recording of waste quantities and continuously increase our employees’ awareness in terms of this sustainability issue as well. We implement new requirements very carefully.

When disposing of waste quantities between the individual locations, different operating processes need to be taken into account. Effluents containing oil are particularly important in this context. In Germany, we traditionally separate oil/water mixtures on the company's 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, we had the same process carried out by an external waste disposal company in the past. The total oil/water mixture was therefore allocated to the location's waste volume there. In 2023, we put an oil-water separator into operation on the company's premises, which led to a significant reduction in the amount of waste reported compared to the previous year.

The further changes in waste volumes at other locations essentially resulted from declining production volumes at the location in Germany and rising production at the international sites.

KEY INDICATORS¹ FOR WASTE

t	Waste to be recycled		Waste to be disposed of	
	2023	2022	2023	2022
Group ¹	1,687	1,741	170	168
Germany ¹	568	599	1	1
Czechia	156	145	52	55
Serbia ²	0	-	0	-
Canada	345	542	49	54
Mexico	471	337	68	58
China ³	148	118	0	0

¹ Figure for the previous year adjusted.

² Waste for the reporting year was disposed of in January 2024.

³ 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.

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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. In the reporting year, the changes in water consumption essentially related to changing production volumes at the individual locations.

KEY INDICATORS FOR WATER

m³	Water consumption	
	2023	2022
Group	45,929	41,721
Germany	15,168	15,222
Czechia	6,816	5,702
Serbia	858	-
Canada	3,053	3,477
Mexico	6,150	5,210
China	13,884	12,110

EU Taxonomy

The purpose of the European Commission's European Green Deal is to enable the European Union to achieve climate neutrality by 2050. A central tool for this is the EU Taxonomy – a classification system for defining environmentally sustainable economic activities. The intention is that economic activities should be classified according to their contribution to 6 defined environmental objectives so that capital flows can be channeled into sustainable economic activities.

The 6 environmental objectives are:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Sustainable use and protection of water and marine resources (WTR)
- Transition to a circular economy (CE)
- Pollution prevention and control (PPC)
- Protection and restoration of biodiversity and ecosystems (BIO)

Economic activities are considered sustainable under the Taxonomy Regulation if:

- They make a substantial contribution to achieving one of the 6 environmental objectives, as evidenced by meeting certain criteria
- They do no significant harm (DNSH) to any of the other environmental objectives
- They comply with the defined minimum safeguards and meet the technical screening criteria defined by the European Commission

In conjunction with the introduction of the Taxonomy Regulation, reporting in previous fiscal years was initially only required on the first two environmental objectives of climate change mitigation and climate change adaptation, whereby suppliers to the automotive industry were only marginally affected by the EU Taxonomy. Following the publication of the 4 further environmental objectives (Environmental Delegated Act) and the Complementary Climate Delegated Act, the scope of the EU Taxonomy has been widened significantly and the Taxonomy eligibility of the new economic activities must be reported on for the first time for fiscal 2023.

For fiscal 2023, PWO found that its business model was reflected in the newly added economic activity 3.18 "Manufacture of automotive and mobility components" under the climate change mitigation environmental objective. With its innovative product solutions in the field of metal components and complex systems as well as expertise in light-weight construction, PWO products are highly significant to the environmental impact of vehicles. The analysis of the product portfolio focused on the components that can be subsumed under NACE code C.29.3 (Manufacture of parts and accessories for motor vehicles) and installed in electric vehicles. In particular, this includes mechanical components (engine and rotor housing), safety components (seating structures and steering components) and structural components (chassis and air suspension components).

In the following section, PWO reports on the proportion of sustainable turnover, operating expenditure (OpEx) and capital expenditure (CapEx) – in line with the standards of the Taxonomy Regulation.

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As none of its activities are relevant in connection with fossil gas or nuclear energy (activities 4.26–4.31), PWO only uses the "Nuclear and fossil gas related activities" template, which was introduced with the Complementary Climate Delegated Act for activities in certain energy sectors.

Taxonomy-eligible economic activities

In conjunction with the analysis of economic activities in the Climate and Environmental Delegated Acts, PWO identified 5 Taxonomy-eligible activities in total for fiscal 2023, for which turnover, CapEx or OpEx arose:

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

Economic activity according to the EU Taxonomy	Description of PWO's activity	KPI
3.18 Manufacture of automotive and mobility components	Manufacture and sale of mechanical components, safety components and structural components	Turnover, CapEx, OpEx
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Car leasing (provision and use of cars by employees, either in the form of long-term use of a company car or the short-term use of a pool vehicle)	CapEx, OpEx
7.3 Installation, maintenance and repair of energy efficiency equipment	Measures for the modernization of building equipment (installation of LED lighting to replace conventional lighting, replacement of ventilation system for more efficient air circulation)	CapEx
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of instruments and devices for the regulation of the energy performance of buildings (replacing thermostats and sensors as improvements within energy management)	CapEx
7.6 Installation, maintenance and repair of renewable energy technologies	Installation of photovoltaic systems and associated technical equipment	CapEx

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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 determine whether the economic activities identified as Taxonomy-eligible make a substantial contribution to one or more environmental objectives, PWO examined the criteria within Annex I and analyzed whether the criteria listed have been met.

No significant harm

In order 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 different criteria for the other or some 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. As PWO merely acquires production, the minimum safeguards were not checked for the reporting year.

Result of Taxonomy alignment

For the newly added economic activity 3.18, PWO merely reports Taxonomy eligibility for fiscal 2023 in accordance with the practical expedients for reporting in fiscal 2024. The other 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 or provides these services. This means that the manufacturer or service provider 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 were unable to 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. Similarly, it was not possible to obtain supporting documentation for our suppliers from Germany and Czechia as there is no available data that would indicate Taxonomy alignment.

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 figures to be calculated are the proportions of Taxonomy-eligible turnover, capital expenditure (CapEx) and operating expenditure (OpEx). Double counting is avoided by the use of accounting and controlling data.

Revenue (turnover KPI)

The turnover KPI is defined as the Taxonomy-eligible and Taxonomy-aligned turnover (numerator) divided by consolidated net revenue (denominator) in accordance with IAS 1.82 a. The consolidated net revenue of EUR 555.84 million is presented in PWO's consolidated financial statements for fiscal 2023 in the table "Consolidated income statement".

Further details of the accounting policies for consolidated revenue can be found in the notes to the consolidated financial statements for fiscal 2023 in note 5, "Summary of significant accounting policies".

The following procedure is used to identify Taxonomy-eligible turnover: On the basis of revenue planning for fiscal 2023, revenue is broken down by products intended for purely battery-operated vehicles, hybrid vehicles and conventional vehicles. As it is not yet possible to track revenue at order level, the planned revenue volume for products intended for purely battery-operated vehicles is compared to consolidated net revenue less other revenue. More detailed tracking at order level is intended for fiscal 2024. This approximation is used for fiscal 2023 and the same allocation key (5.0 percent) is also used for CapEx and OpEx in connection with this Taxonomy-eligible turnover.

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 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 – Leases, paragraph 53 (h). The material accounting policies are presented in the notes to the consolidated financial statements for fiscal 2023 in note 5, "Summary of significant accounting policies". For details on the development in the reporting year, please refer to note "15 Property, plant and equipment" in the "Notes to the statement of financial position" in the notes to the consolidated financial statements. The PWO Group reported total additions of EUR 26.51 million in fiscal 2023, EUR 3.43 million of which relating to Taxonomy-eligible CapEx.

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Taxonomy-eligible CapEx essentially consists of right-of-use assets (EUR 0.72 million), which primarily relate to company cars. In addition, a further EUR 0.13 million was recognized for additions to property, plant and equipment, which related to energy management, the replacement of a ventilation system in a warehouse and a fuel cell project. A photovoltaic system was installed at the Mexico location, resulting in an addition to assets of EUR 0.32 million in total.

The Taxonomy-eligible CapEx in connection with products intended for purely battery-operated vehicles amounts to EUR 1.73 million. This partially relates to capital expenditure to convert a production line (EUR 0.43 million). The allocation key indicated above was applied to the remainder, resulting in a quotient of 12.95 percent.

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 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. Further information on this matter is shown in the notes to the consolidated financial statements of the PWO Group for fiscal 2023 in note 11 under "Notes to the income statement".

From the above areas, total Taxonomy-eligible OpEx of EUR 0.72 million was declared in the numerator for the PWO Group. This mostly relates to repair work (EUR 0.15 million in 2023). Moreover, maintenance expenses of EUR 0.02 million were incurred for leased cars.

Applying the allocation key indicated above, the Taxonomy-eligible OpEx in connection with products intended for purely battery-operated vehicles amounts to EUR 0.55 million. The resulting quotient is 6.54 percent.

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Combating bribery and corruption

Compliance

In our materiality matrix, combating bribery and corruption is rated as the most relevant issue in terms of compliance. 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 of the PWO Group are qualitatively assessed and recorded in detail in the RMS. The risk situation and compliance issues are regularly reported to the Executive Board, and it regularly discusses these with the Supervisory Board as well.

PWO has established a compliance management system (CMS) throughout the Group, which is continuously expanded in the Group and refined step by step in line with IDW Auditing Standard 980 and DIN ISO 37301. Based on the status that has now been reached, we have initiated a process to select an organization to certify PWO AG's CMS. We are aiming to complete the certification in 2024.

The areas on which the development of the CMS focused in the reporting year are presented below. The statements essentially apply equally for all the companies of the PWO Group. A sole exception here is the location

in Serbia, which is currently under development. As stated above, the implementation of the policies and procedures applicable throughout the Group will be adapted to the respective scope of business activities at this location.

In conjunction with the compliance program, the introduction and application of the sustainable procurement and business partner compliance process introduced at the Oberkirch location back in 2022 has now been completed throughout the Group.

Moreover, the guideline for the whistleblower system used at PWO was adapted in line with the European whistleblower protection legislation that became effective in 2023 (concerning the EU level as well as Germany and Czechia) and the requirements of the *Lieferkettensorgfaltspflichtengesetz* (LkSG – German Supply Chain Act). The whistleblower system was also transferred to a new platform for submitting reports.

In relation to compliance risks, a detailed questionnaire was used at all PWO locations in 2023. This serves to ensure a more objective assessment of the compliance risk at the respective national companies and specialist departments regarding the risk areas of bribery and corruption, breaches of antitrust and competition law, property offenses, conflicts of interest, insider trading, and the disclosure of insider information. Risks in the area of data protection are now recorded at all PWO locations through a separate questionnaire.

Compliance content has traditionally been the focus of our e-learning courses. The key indicators are the number of training courses and the training rate.

We are continuing to develop our training concept and provided new and updated e-learning courses – for instance, on anti-corruption, competition and antitrust law, sustainability, IT security and data protection – at all

locations in fiscal 2023. As in the previous year, the group of participants was selected in line with risk considerations in the reporting year. Furthermore, employees without a PC workstation are given offline training by their respective managers.

KEY INDICATORS FOR COMBATING BRIBERY AND CORRUPTION

Number	Number of employees trained using e-learning courses	
	2023	2022
Group	1,077	1,112
Germany	372	397
Czechia	277	265
Serbia	-	-
Canada	70	115
Mexico	275	245
China	83	90

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 to gradually 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 one system. Good progress has been made at all locations in the reporting year.

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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 policy.

Our safety experts work closely with our employees. By way of regular training, we inform them about occupational health and safety and motivate them to take on individual responsibility at the workplace. We again stepped up our efforts on this in the reporting year. The success of our measures was demonstrated by an at times significant reduction in the accident frequency rate at all our locations, as measured by the previous AccR indicator. We will continue these efforts. Above all, we will again invest more at our Chinese locations. Moving forward, we will calculate accident frequency using the lost time injury rate (LTIR) definition. The corresponding figures for fiscal 2023 have already been added to this report.

Extensive sports and healthcare activities offered by PWO's workplace health management are also intended to benefit employees' personal wellbeing at all locations of the PWO Group. This includes a variety of events, competitions and themed months such as "Green June – Cycle to Work" and extensive courses that are organized throughout the year, for example on first aid.

In addition to physical wellbeing, greater attention is also being paid to mental health, for which we offer consulting and events. In Mexico, there is even the "NOM-035-STPS-2018, Occupational psychosocial risk factors – Identification, analysis and prevention" standard, which requires employers to identify, analyze and prevent psychosocial risks and to create a positive organizational work environment.

Last but not least, protection against illness was again a key part of our activities in the reporting year. The hygiene concepts developed since the outbreak of the COVID pandemic were systematically refined. We

supported vaccination as a means of protecting against infection with our own consulting and vaccination activities for COVID and flu, and also for tetanus and hepatitis, for example, in Mexico. In addition, we offer health advice on matters such as cancer prevention and family planning.

Diversity

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 dealing with other people because of the interplay of different experiences.

The average age of the workforce is 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. At our Czech locations, for example, we strategically contact former employees who are now retired, offering the chance to rejoin the workforce on a flexible, part-time basis.

As a company, we 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.

We also promote international dialog and collaboration within our Group by way of projects that are initiated and managed by different PWO locations. Global key account and project manager teams are the rule in sales. 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 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. An inclusion agreement was devised for the location in Oberkirch in 2023. The international locations will gradually follow with their own agreements.

We are also working to increase the share of women in management. Effective April 1, 2022, the Executive Board has resolved a target of 15.38 percent for the share of women at the first level below the Executive Board and of 17.14 percent at the second level below the Executive Board at PWO AG by March 31, 2027. At the end of the reporting year, the share was 9.1 percent and 8.3 percent respectively. Overall, the share of women at PWO AG is very low, which is thus also reflected in the staffing of management level positions.

Taking into account the expertise and qualifications of the candidates, the Executive Board is also mindful of diversity when filling management positions and, in particular, aims to give due consideration to women. Nonetheless, PWO AG has traditionally had very low turnover and so the share of women can only be increased over a longer period of time. 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. We continue to offer a wide range of work scheduling models that can be utilized by all employees, regardless of gender.

As a result, we have an above-average share of women at our Mexican locations by industry standards. They are gradually rising through the ranks of management there as well. Women accounted for 40 percent of all promotions at the Mexican site in the reporting year.

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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 improves our capability 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 dialog 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. More extensive funding than in the previous year was provided for continuing professional development again in fiscal 2023.

In the first quarter of 2023, we also launched our talent program at global level for the first time, with participants from all locations of the PWO Group (except for the Serbian location, which only commenced operations as of July 1, 2023). We thereby intend to create international career tracks in the PWO Group.

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.

In 2022, we developed a canon of PWO values, derived management principles from them and comprehensively refined our values-based corporate culture in this way. In the reporting year, we wanted to know how our values and leadership principles are practiced and where there is still room for improvement.

This is why PWO joined forces with a well-known international service provider to perform a global employee survey. The main areas looked at were credibility, respect, fairness, pride and team spirit. In addition, we asked for feedback on the areas "Direct management and team", "Health at work", "Sustainability", "Principles and values" and "Feedback and error culture". The results will be communicated within the Group in the first quarter of 2024. To initiate a continuous improvement process, 3 surveys in total are planned over a period of several years.

PWO Campus continued at our German location in the reporting year with 4 series of events per quarter. This comprises events, (kick-off) talks, discussions, training sessions, and dialog 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 dialog as far as possible. In addition to training, the focus is also on knowledge transfer and networking within PWO.

With all our 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.

Training opportunities for young people

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. Accordingly, we have organized the trainee positions we offer in line with the planned personnel requirements as part of the strategic planning for the entire PWO Group.

We see our training as an investment in the future. On successful completion, our goal is to offer trainees a suitable, forward-looking job in an acquired vocation. Independently of the number of apprentices in a given year, we attach great importance to the quality of what we offer, and we regularly go well beyond the minimum content specified by chambers. In the reporting year, we were delighted that one of our apprentices received the award for best industrial mechanic in the Southern Upper Rhine Chamber District for his final project.

Also, one of our employees at the School of Mechanical Engineering and Mechatronics at Karlsruhe University won the Bruno Lotter Prize for best thesis on securing the future viability of the German production site. He completed his master's program with a dissertation on the "development of data analysis to detect process and quality deviations in an IPC robotic welding cell".

Furthermore, we offer to assist companies in our native Oberkirch region with training that they are unable to provide themselves. As a result, in the reporting year we took on an automation technology trainee for several weeks as part of a multi-company program. We have also offered school internships since the end of the pandemic.

Our experience with high-quality training in Germany has also been transferred to Mexico as planned, where the number of apprentices has increased significantly. The transfer of knowledge within the Group has an organized structure. This includes both trainers and trainees. The trainees learn to communicate internationally and get the chance to improve their language skills as well.

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Development in staff turnover ratio

In the proper context, the staff turnover ratio is one 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. We are delighted that the turnover rate was generally in decline at many locations of the Group in fiscal 2023, even though we are growing and therefore hiring additional employees.

KEY INDICATORS FOR EMPLOYEE CONCERNS

Key indicator	Unit	Fiscal year	Group	Germany	Czechia	Serbia	Canada	Mexico	China
Employees ¹	Number	2023	3,128	1,011	777	57	271	724	288
		2022	2,837	977	694	-	292	588	286
Trainees ²	Number	2023	63	24	7	0	8	24	0
		2022	67	52	5	-	2	8	0
Turnover ratio	Percent	2023	1.4	0.6	1	1.6	3.1	2.2	0.9
		2022	1.5	0.8	1.1	-	4.1	1.9	1.1
Average age of workforce ³	Years	2023	40.1	44.6	40.6	42.6	40	34.9	37
		2022	39.9	42.9	41.1	-	40	35.3	35.1
Average length of service ³	Years	2023	10.1	18.8	8.5	0.4	6.4	4.5	6.6
		2022	10.5	18.1	8.8	-	5.7	4.9	5.8
Women as a percentage of the workforce ³	Percent	2023	23.4	12.6	19.8	8.8	23.4	41.0	24.5
		2022	22.5	13.3	21.3	-	24.9	35.9	24.2
Women as a percentage of executives including staff units, level 1 ⁴	Percent	2023	10.5	9.1	0	0	50.0	0	0
		2022	9.5	6.7	0	-	50.0	0	0
Women as a percentage of executives including staff units, level 2 ⁴	Percent	2023	13.6	8.3	8.3	0	28.6	0	40.0
		2022	13.2	8.3	10.0	-	25.0	0	36.4
Employees on parental leave ³	Number	2023	30	13	13	0	4	0	0
		2022	33	11	15	-	7	0	0

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KEY INDICATORS FOR EMPLOYEE CONCERNS

Key indicator	Unit	Fiscal year	Group	Germany	Czechia	Serbia	Canada	Mexico	China
Training costs	EURk	2023	822	468	175	0.1	69	65	45
		2022	586	370	80	-	41	77	18
Average days of training and continuing professional development	Days	2023	3.1	1.3	2.7	0.1	0.7	7.1	2.5
		2022	3.3	1.7	1.9	-	0.4	10	0.8
Part-time ratio ³	Percent	2023	3.0	9.5	0.7	0	0	0	0
		2022	3.2	9.4	0	-	0	0	0
Accident frequency rate ⁵	LTIR	2023	9.3	9.1	12.7	-	0	4.2	20.3
		2022	9.9	17.1	6.8	-	1.9	5.2	15.5
	AccR	2023	4.9	8.3	5.3	-	0	3.4	4.1
		2022	4.1	5.8	6.2	-	3.1	1.6	1.3
Sick leave ⁶	Percent	2023	3.3	4.5	5.9	3.0	3.3	0.9	1.0
		2022	4.1	5.8	6.2	-	3.1	1.6	1.3
Share of employees with impaired abilities ³	Percent	2023	1.7	3.2	1.1	0	1.9	1.1	0
		2022	1.7	3.4	1.2	-	1.4	0.3	0
Hiring of trainees/dual-study students ⁷	Percent	2023	61.8	50.0	50.0	-	100.0	100.0	-
		2022	44.4	47.8	20.0	-	-	100.0	-
Promotion of talent program participants ⁸	Percent	2023	30.8	20.0	0	-	0	100.0	0
		2022	38.5	47.1	-	-	-	100.0	0

¹ As of December 31, 2023/December 31, 2022; including Executive Board and temporary employees.

² As of December 31, 2023/December 31, 2022; number of trainees (including employees in training at PWO AG, Germany).

³ As of December 31, 2023/December 31, 2022; not including temporary employees.

⁴ As of December 31, 2023: For PWO AG and its subsidiaries, the first/second management level below the Group Executive Board; as of December 31, 2022: for PWO AG the first/second management level below the Group Executive Board, for the subsidiaries the first/second management level.

⁵ LTIR: Number of work accidents with at least 1 day of lost time per year per 1 million productive working hours; not including temporary employees.

AccR: Reportable work accidents involving employees per year per 1 million productive working hours; not including temporary employees.

⁶ Ratio for 2023/2022; not including temporary employees.

⁷ Ratio for 2021/2020; trainees and students at the Duale Hochschule (Cooperative State University) relevant to PWO AG, Germany, who graduated in 2021/2020.

⁸ Ratio for 2023/2022.

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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.

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 PWO AG's Supervisory Board in line with the statutory regulations on co-determination. Through these representatives, our employees are involved in the monitoring of PWO AG 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. Alongside our PWO Code of Conduct, we have also established the PWO Business Partner Code with regard to this responsibility.

The introduction and application of the sustainable procurement and business partner compliance process introduced at the Oberkirch location back in 2022 was completed throughout the Group in the reporting period. 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 as well. This process reflects both our customers' higher ESG requirements and the German Supply Chain Act that became effective on January 1, 2023, and initially applies to companies with at least 3,000 domestic employees.

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From this reporting year, we have been monitoring risks in the supply chain using AI-based sustainability monitoring. This system covers a variety of supplier risks, such as human rights and sustainability risks as well as compliance with supply chain laws. The goal is to predict, find, understand and categorize risks arising from suppliers and raw materials at every stage of the supply chain. This is done by analyzing publicly accessible data from local news, social media and other databases in more than 50 languages and risk categories.

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 is especially committed to inclusion and respect for immigrants.

Our Czech locations support schools in technical areas and also cooperate with universities. Sports competitions, which PWO funds with social donations, are also very popular. In Mexico, besides medical charities, donations in 2023 mainly went to a major campaign for victims of Hurricane Otis, one of the worst storms to ever strike the Mexican Pacific coast, which made landfall in Guerrero on October 25, 2023, and caused massive devastation.

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In some cases, rounded values are used in this report. This can result in differences between the individual figures and the actual amounts. 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.

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