



PWO

2021 FISCAL
YEAR



CORPORATE
GOVERNANCE STATEMENT

Corporate Governance Statement Pursuant to Section 289 f and Section 315 d HGB

Corporate Governance Statement Progress-Werk Oberkirch AG 2021

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The Corporate Governance Statement in accordance with Section 289f and Section 315d of the German Commercial Code (HGB) is combined for Progress-Werk Oberkirch Aktiengesellschaft (also referred to as the "Company" or "PWO AG") and the Group and is part of the combined management report. The contents of this statement are not subject to the statutory audit of the annual financial statements and the

consolidated financial statements by the auditor (see Section 317 (2) sentence 6 HGB).

This statement and the information and documents contained therein, including the declaration of conformity under Section 161 of the German Stock Corporation Act (AktG), the Rules of Procedure of the Supervisory

Board and the Supervisory Board's requirements profile, are permanently available on the PWO website at [→ https://www.progress-werk.de/en/group/](https://www.progress-werk.de/en/group/) under the subcategories "Corporate Governance", "Supervisory Board" and "Executive Board".

Principles of Corporate Governance

A strong sense of responsibility is at the heart of how we see ourselves. As a company that is active in society, we thus believe we are accountable to all stakeholders. The wellbeing of current and future generations is what guides our actions. This includes long-term, sustainable value creation that ensures a business that conserves resources and is conscious of the environment. We base our product range around sustainability throughout products' entire life cycle, from the raw materials used to ensuring they can be recycled in a way that conserves resources.

Our corporate governance is built on these principles, both at Progress-Werk Oberkirch Aktiengesellschaft and at its subsidiaries.

To maintain and reinforce trust in the leadership of PWO AG and the Group among shareholders, employees, customers, suppliers and the public, everyone responsible for management and supervision undertakes to comply with these principles. In implementing this, PWO AG follows the relevant legal framework and the generally ac-

cepted standards of good corporate governance in Germany. The Executive Board and the Supervisory Board cooperate closely and effectively on a trust basis. Significant new information is communicated transparently and in good time and is conveyed internally and externally at the same time.

Declaration of Conformity under Section 161 AktG

The Executive Board and Supervisory Board of Progress-Werk Oberkirch AG ("Company") last submitted an (updated) declaration in accordance with Section 161 AktG on compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated December 16, 2019, which was published by the Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette on March 20, 2020 ("2020 Code"), in December 2021 ("declaration of conformity April 2021"). The

reason for updating the declaration of conformity was the system resolved by the Supervisory Board on March 25, 2021 regarding remuneration for Executive Board members in accordance with the new Section 87a (1) AktG, which was introduced by the Act Implementing the Second Shareholders' Rights Directive dated December 12, 2019 (German Federal Law Gazette 2019 part I no. 50 dated December 19, 2019) (ARUG II), which does not fully comply with the recommendations of the 2020 Code ("remuneration system"). The remuneration system was

submitted to the Annual General Meeting on May 19, 2021 for approval in accordance with the new Section 120a (1) AktG, which was also introduced by ARUG II. It was approved by a majority of 85.97 percent.

In consideration of the foregoing, the Executive Board and Supervisory Board of Progress-Werk Oberkirch AG declare in accordance with Section 161 AktG that the recommendations of the 2020 Code, with the ex-

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ception of the following recommendations, have been met since the last declaration of conformity from April 2021 and are still met currently:

- D.5 2020 Code (Nomination Committee)

The Supervisory Board does not believe it is necessary to form a Nomination Committee as the current practice of the Annual General Meeting proposing suitable candidates for the replacement or reappointment of Supervisory Board members is well established and has been shown to be efficient. As the Supervisory Board comprises a total of 6 members, it also considers it appropriate that the Supervisory Board as a whole is responsible for nominating Supervisory Board candidates.

- G.10 sentence 1 and sentence 2 2020 Code (variable remuneration components for Executive Board members: variable remuneration predominantly in shares or share-based; option to access long-term variable remuneration components)


In accordance with the recommendations G.10 sentence 1 and sentence 2 of the 2020 Code, taking the respective tax burden into consideration, Executive Board members' variable remuneration shall be predominantly invested in company shares by the respective Executive Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of 4 years. The remuneration system deviates from these recommendations. The Supervisory Board does not consider the share price the relevant indicator of a remuneration system designed to promote the corporate strategy and long-term development of the Company. Instead, the Supervisory Board believes the financial and non-financial performance indicators set out in the remuneration system to measure variable remuneration and the disbursement of all variable remuneration components in cash are more suitable. The Supervisory Board believes that the current variable remuneration framework for the Company's Executive Board members, featuring targets of up to 3 years depending on the term of the appointment, has proved very efficient as a measurement basis and should therefore essentially be maintained.

Further details, in particular regarding the variable remuneration components, can be found in the remuneration system which is available to the public on the Company's website.

Oberkirch, December 2021

Progress-Werk Oberkirch AG

The Supervisory Board



Karl M. Schmidhuber / Chairman

The Executive Board



Carlo Lazzarini
(CEO)



Dr. Cornelia BallwieBer
(CFO)



Johannes Obrecht
(COO)

Current and former declarations of conformity under Section 161 AktG are publicly and permanently available on the Company's website in the Group area (→ <https://www.progress-werk.de/en/group/>) under Corporate Governance.

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Company Values

Business activity in the Group is based on standardized principles and values and on our definition of responsible corporate governance. PWO AG and the Group are essentially treated equally in terms of

business management. Accordingly, there are no material differences between their corporate governance structures.

With our 4 central company principles "customer, employee, sustainability and success orientation," we set ourselves the highest standards. These are used to derive company values that form the cornerstones of PWO's management culture and guide management's daily actions:

Customers, Products and Global Presence

The most important aim of what we do is permanently satisfied customers. We operate across the world everywhere our customers need us. As an innovative engineering company, we offer them the best solutions to meet their needs, even with the most demanding design requirements. This also allows us to tap new markets at an early stage.

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Employees

Our employees guarantee our success. Their passion, creativity and high level of commitment to our customers are what set them apart. For this reason, we invest in their skills and motivation in the long term and provide optimal working conditions so that they can perform to the top of their abilities with enthusiasm and while having fun. We involve them in our success and take care to ensure performance-based remuneration and a balanced remuneration structure at all hierarchy levels.

Investors, Suppliers and the Public

Our aim is to sustainably increase the value of our company and we do so based on the interests of our investors and the public. We treat our suppliers with fairness. Strategic vision strengthens our market position. We are actively helping shape the future of the mobility industry around the world. Our business activity secures profits. Our Group is part of society and so we are committed to our social, economic and environmental responsibility in the long term.

Management Principles

Our management culture is based on all managers displaying individual responsibility and initiative. This is what our management principles are built on. They represent our core beliefs and also provide a guide to managers for how they act with their employees on a daily basis.

We firmly believe that having cooperation as the default setting, the ability to coordinate and a management style that is characterized by information, delegation and team spirit are the essential building blocks of trusting collaboration between managers and employees.

Transparency

Alongside statutory requirements and stock market standards for prompt reporting, taking account of the principle of equal treatment of all shareholders (annual and half-year financial reports and quarterly statements, ad-hoc announcements, managers' transactions and reportable changes in voting shares of which the Company becomes aware), the Executive Board also believes it is obligated to communicate closely with the public.

The Executive Board regularly responds to questions from analysts, investors and media representatives at capital market conferences and roadshows. Important information and information that is relevant for evaluating the Group's prospects is made public as soon as possible. All reports, announcements and key presentations given at conferences and roadshows are documented on the website at → www.progress-werk.de/en/investors-press/. Here you can also find further information, including all required disclosures on the Annual General Meeting, the Company's Articles of Association and the requirements profile, CVs, operating activities and other board seats held by the members of the Supervisory Board.

Whistleblower System

Violations of the law and unlawful and non-compliant behavior in relation to the corporate values system of the Company and the Group can have far-reaching consequences. Potential repercussions include fines, claims for damages or skimming of profits. In addition, massive damage to the Company's image and reputation losses may occur.

To avoid breaches of the law and violations or, at the very least, to help ensure that these are quickly detected and that suitable countermeasures can be taken, we have used EQS Group AG's whistleblower system since 2018. This means that whistleblowers can report suspicions of misconduct, both by employees and by external parties, around the clock – including anonymously where this is permitted under local law – through a communication channel that is protected by special encryption and security technology.

The system should be designed to be fair and protect both whistleblowers and those affected in order to ensure the highest level of acceptance. We have set out the criteria that guarantee this in our "Reporting information and concerns" guideline.

Risk Management

Good corporate governance includes suitable mitigation of and a responsible approach to all risks associated with business decisions. The Group operates a modern and effective risk management system. Its effectiveness is regularly checked and it is constantly being refined further. This applies particularly regarding changes to national legal requirements in Germany and abroad.

Code of Conduct and Business Partner Code

Ensuring that our employees act in accordance with the law and ethically is of central importance to us. To this end, we have set out our Compliance guidelines in a Code of Conduct which is available on our website at → <https://www.progress-werk.de/en/group/corporate-governance/principles-of-conduct/>.

We also place value on compliance with minimum standards, primarily regarding human rights, labor conditions, anti-corruption and environmental protection along the entire value chain. We therefore also involve our business partners directly in our sustainability strategy.

Since 2016, our requirements for their practices have been summarized in a Group-wide Business Partner Code, which is available on our website at → <https://www.progress-werk.de/en/group/supplier-management/>. This also sets out the expectation that our business partners take our principles and requirements into account when selecting their subcontractors and communicate these to them.

The Business Partner Code was expanded in 2021 to cover our responsibility for supply chains and now includes sections on air quality, water quality and consumption and responsible chemicals management. As a result of the German Supply Chain Act ("LkSG") that comes into effect in 2023, it now also covers the use of security forces and land acquisition.

A process was also established for sustainable procurement and business partner compliance. This new process ensures compliance both with the stricter sustainability requirements and with the LKSG that comes into force in 2023. It will be introduced at the Group's locations in 2022.

Our suppliers across the Group as a whole must also accept and comply with purchasing conditions that address regional and international regulations in terms of quality, environmental, documentation and labeling requirements. In addition, relevant rules also apply regarding environmentally friendly packaging, transport of the products supplied in line with the respective safety regulations and compliance with accident prevention regulations.

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Diversity

We firmly believe that the decisive criteria for appointing people to management positions are professional expertise and management qualifications. Both when it comes to filling management position vacancies and in terms of the composition of teams at all levels of the Group, we also strive for diversity of personalities, ages, genders and educational and professional backgrounds and an international dimension. In our view, mixed teams improve the quality of decisions because, for example, different perspectives result in new ways of thinking. We are often more attentive when relating to others because different experiences interact. Last but not least, everyone benefits from exchanging knowledge across generations.

Equal Participation of Men and Women in Management Positions (Targets for Share of Women)

Effective April 1, 2022, the Supervisory Board resolved a target of having 1 woman on the Executive Board and 1 woman on the Supervisory Board by March 31, 2027. With potentially 2 Executive Board members this is a ratio of 50.00 percent, with 3 Executive Board members a ratio of 33.33 percent and with 4 Executive Board members a ratio of 25.00 percent. In the Supervisory Board with 6 members, this represents a ratio of 16.67 percent.

This target is based on the idea that the primary criteria for filling management positions should be professional expertise and management qualifications and that these standards currently seriously limit increasing the share of women on the Executive Board and Supervisory Board due to the nature of the sector. Following the appointment of Dr. Cornelia Ballwießer as a member of the Progress-Werk Oberkirch AG Executive Board, the Executive Board now comprises 1 woman and 2 men.

Effective April 1, 2022, the Executive Board has resolved to achieve a target for the share of women of 2 of 13 employees (corresponds to around 15.38 percent) at the first level under the Executive Board and 6 of 35 employees (corresponds to around 17.14 percent) at the second level under the Executive Board by March 31, 2027. Overall, the share of women in the Group is very low, which is thus also reflected in management level positions.

Until now, the target for June 30, 2022 was that the share of female employees in the first management level below the Executive Board is 0 percent and for the second level of management below the Executive Board 12.5 percent. At the end of the reporting year, the share was at 0 percent corresponding to 3 of 35 employees (corresponds to around 8.57 percent).

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 be increased only over a longer period of time.

Diversity on the Supervisory Board

The Supervisory Board aims for a composition that ensures it is qualified to supervise and advise the Executive Board. Together, its members must have the knowledge, skills and professional experience needed to properly perform the tasks of a Supervisory Board at an international company in the automotive supply industry that participates in the capital market.

In accordance with the recommendations of the German Corporate Governance Code in the version dated December 16, 2019, the Supervisory Board has established the following specific requirements and objectives for its composition, which – taking account of the company's specific situation – give suitable consideration to the Company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, a defined age limit for Supervisory Board members and other diversity aspects:

1. REQUIREMENTS FOR THE COMPOSITION OF THE BOARD AS A WHOLE

1.1 Competence Profile

The Supervisory Board as a whole should have the expertise that is considered material given the activities of the PWO Group. In particular, this includes extensive experience and knowledge of

- managing a larger international company,
- the automotive supply business and value creation along different value chains,

- product and process development, especially regarding technology that is relevant to the Group and adjacent or related areas,
- sales and procurement markets, as well as production, quality, distribution and supply chain structures in the automotive industry,
- contract and capital market law,
- business management and controlling,
- accounting, financing and taxation,
- corporate governance, compliance, CSR, risk management and internal auditing,
- digitalization (opportunities/risks),
- HR management

Regarding the requirements of Section 100 (5) AktG, which also apply for the Audit Committee (see Section 107 (4) AktG), at least 1 member of the Supervisory Board must have expertise in the field of accounting or auditing, and together the Supervisory Board members must be familiar with the automotive supply sector.

1.2 Independence

Supervisory Board members shall not be members of governing bodies of, or exercise advisory functions at significant competitors of the PWO Group and shall not hold any personal relationships with a significant competitor.

No more than 2 former members of the Company's Executive Board shall be members of the Supervisory Board.

1.2.1 INDEPENDENCE FROM THE COMPANY AND FROM THE EXECUTIVE BOARD

More than half of the shareholder representatives shall be independent from the company and the Executive Board within the meaning of the German Corporate Governance Code. Supervisory Board members are to be considered independent in this sense if they have no personal or business relationship with the Company or its Executive Board that may cause a substantial – and not merely temporary – conflict of interest.

1.2.2 INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

At least 1 shareholder representative shall be independent from the controlling shareholder within the meaning of the German Corporate Governance Code. A Supervisory Board member is considered independent

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from the controlling shareholder in this sense if they or a close family member are neither a controlling shareholder nor a member of the executive governing body of the controlling shareholder, and does not have a personal or business relationship with the controlling shareholder that may cause a substantial – and not merely temporary – conflict of interest.

1.2.3 CONSIDERATION OF INDEPENDENCE WHEN PERFORMING FUNCTIONS ON THE SUPERVISORY BOARD

The Chair of the Supervisory Board, the Chair of the Audit Committee, as well as the Chair of the (Personnel) committee that addresses Executive Board remuneration, shall be independent from the Company and the Executive Board. The Chair of the Audit Committee shall also be independent from the controlling shareholder.

1.2.4 FULL INDEPENDENCE OF SHAREHOLDER REPRESENTATIVES

The Supervisory Board shall include what it considers to be an appropriate number of (fully) independent members from the group of shareholder representatives, thereby taking into account the shareholder structure. Within the meaning of this, a Supervisory Board member is (fully) independent if he/she is independent from the Company and its Executive Board, and independent from any controlling shareholder.

1.3 Diversity

In terms of the diversity of its composition, the Supervisory Board aims to take into consideration a range of different diversity criteria such as age, gender and educational and professional background and an international dimension.

1.4 International Expertise

At least half of the shareholder representatives should have multiple years of international experience.

2. REQUIREMENTS FOR INDIVIDUAL SUPERVISORY BOARD MEMBERS

2.1 General Requirements Profile

Supervisory Board members should have business/operating experience and a general knowledge of the automotive sector/the metalworking industry. Based on their knowledge, skills and professional experience, they should be able to perform the tasks of a Supervisory Board member in an international company and safeguard the PWO Group's public reputation.

When proposing candidates to the Annual General Meeting, particular attention should be paid to the candidates' personalities, integrity, commitment, professionalism and independence.

2.2 Limitation of Supervisory Board Positions

A Supervisory Board member who is not a member of any Executive Board of a listed company shall not accept more than 5 Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as Chair of the Supervisory Board being counted twice.

Members of the Executive Board of a listed company shall not have, in aggregate, more than 2 Supervisory Board mandates in non-group listed companies or comparable functions, and shall not accept the Chairmanship of a Supervisory Board in a non-group listed company.

2.3 Availability

Each Supervisory Board member ensures that they have sufficient time available to properly exercise their Supervisory Board position and discharge their duties in connection with this. In particular, it must here be ensured that at least 5 ordinary Supervisory Board meetings are held each year, each of which require suitable preparation, that sufficient time is set aside for auditing the annual and consolidated financial statement documents and that additional time is allocated for membership on 1 or more than 1 Supervisory Board committees. Extraordinary meetings of the Supervisory Board or a committee may also be required to address special topics.

2.4 Age Limit for Supervisory Board Members

As a rule, members of the Supervisory Board must not be older than 70 at the time they are appointed. Deviations from this are possible in justified individual cases.

2.5 Specific Requirements for the Chair of the Audit Committee

The Chair of the Audit Committee shall have specific knowledge and experience in applying accounting principles and internal control procedures, shall be familiar with audits, and shall be independent.

Proposals by the Supervisory Board to the Annual General Meeting shall take these requirements and objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise

of the Supervisory Board. The Supervisory Board's decision regarding the proposal to the Annual General Meeting is always based primarily on the interests of the Company, taking into account all circumstances in the individual case in question.

In particular, the Supervisory Board defines diversity as having different, complementary (competence) profiles, (sector) specific (professional) experience and (professional) knowledge, international expertise, independence and, where possible, different genders. It places particular value on professional background and experience as well as (professional) knowledge.

The current Supervisory Board composition meets the requirements and targets set for the Supervisory Board and implements the associated diversity concept. The Supervisory Board has the number of independent shareholder representatives on the Supervisory Board that is considered appropriate by the shareholder representatives: Karl M. Schmidhuber, Carsten Claus and Dr. Jochen Ruetz are independent from the Company and from the Executive Board. Karl M. Schmidhuber, Carsten Claus and Dr. Jochen Ruetz are independent from the controlling shareholder. Accordingly, Karl M. Schmidhuber, Carsten Claus and Dr. Jochen Ruetz are fully independent.

The Supervisory Board will give due consideration to diversity aspects that it considers important when making any developmental changes to its requirements profile for the board as a whole.

Diversity on the Executive Board

The Supervisory Board also takes appropriate account of diversity when appointing Executive Board members. The Supervisory Board has not prepared a separate formal diversity concept for the Executive Board because it did not consider this suitable given that there are 3 Executive Board members. However, appointing Carlo Lazzarini from Luxembourg to the Executive Board increased its international nature.

The Supervisory Board has set an age limit for Executive Board members. This states that an Executive Board member can be appointed until the Annual General Meeting following the year in which the Executive Board member turns 65. Deviations from this are possible in justified individual cases.

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Executive Board and Supervisory Board Procedures

As a stock corporation under German law, PWO AG is subject to the corresponding legal regulations on its management and monitoring. Its two-tier management and control structure comprises an Executive Board and a Supervisory Board. The Executive Board and the Supervisory Board manage and monitor the Company on the basis of the latest version of the German Corporate Governance Code. As (administrative) governing bodies, the Executive Board and the Supervisory Board are obliged to act in the Company's best interests.

Executive Board

The Executive Board of PWO AG is required to increase the value of the Company in the long term.

As the Company's management body, it is responsible for its operating business and strategic development. It currently has 3 members. The principles of its collaboration are set out in its Rules of Procedure. The distribution of tasks within the board is shown in the schedule of responsibilities.

The Executive Board has overall responsibility for managing the Company's business in accordance with standardized targets, plans and guidelines. Regardless of the Executive Board's overall responsibility, each of its members is individually responsible for his/her area but is required to put the interests of this area below the overall interests of the Company at all times. If measures and business of an Executive Board area also affect 1 or more than 1 other Executive Board areas, the Executive Board member responsible must consult with the other Executive Board members involved ahead of time. If no agreement can be reached, each Executive Board member in question is obliged to bring about a resolution by the full Executive Board.

In addition, if any Executive Board member has concerns about measures in another Executive Board area, the member in question must bring about a resolution by the full Executive Board if the concerns cannot be remedied by discussing them with the other Executive Board

member. Regardless of these principles, measures and business that are of particular importance to the Company or the Group managed by the Company or that entail an extraordinary economic risk must be approved by the full Executive Board.

The CEO coordinates management of the Company by the full Executive Board. The Executive Board members must inform the CEO of all significant events and the course of business in their departments on an ongoing basis. Executive Board meetings are to be held at regular intervals, where possible at least every 2 weeks and on specific dates determined in advance on a long term basis.

Unless the law explicitly requires unanimous consent, the Executive Board passes resolutions at meetings with a simple majority of votes cast. Outside meetings, it can also do so by a simple majority of its members. Abstentions do not count as votes cast. The CEO has the deciding vote in the event of a tie. Where possible, however, the Executive Board will take its decisions unanimously.

In accordance with statutory provisions, the Executive Board informs the Supervisory Board regularly, promptly and in detail about all material issues relating to the business operations and development of the Company and the Group, in particular about intended business policy and other basic issues regarding corporate planning, significant business operations that could be highly relevant to the profitability or liquidity of the Company or the Group, and current profitability and earnings, including the risk situation and risk management. In addition, Executive Board reports on investing activities, ongoing development projects and the strategic development of the Company and the Group.

The Executive Board's Rules of Procedure set out a catalog of transactions and measures that require the prior approval of the Supervisory Board.

The Executive Board prepares an annual and consolidated financial statement and the combined management report for the Company and the Group. It also prepares the Company's half-year financial reports and quarterly statements.

The Executive Board is responsible for compliance at the Company and Group companies, i.e. for compliance with legislation, official regulations and internal company guidelines. As part of this, it has established a comprehensive Compliance Management System, which it refines on an ongoing basis. Details on compliance at the Company and in the Group can be found on the PWO website at → <https://www.progress-werk.de/en/group/corporate-governance/compliance>.

The Company's Executive Board currently comprises 3 members: Carlo Lazzarini (CEO), Dr. Cornelia Ballwießer (CFO) and Johannes Obrecht (COO). Information on the members of the Executive Board can be found in the notes to the 2021 consolidated financial statements (under no. 37 "Composition and mandates of the Supervisory Board and Executive Board") and on PWO's website at → <https://www.progress-werk.de/en/group/> under "Executive Board" and then under "Other disclosures on corporate governance" in "Executive Board mandates".

Supervisory Board

The Supervisory Board monitors and advises the Executive Board on management. Its tasks and responsibilities are based on legislative requirements, the Company's Articles of Association and the Supervisory Board's Rules of Procedure. Supervisory Board resolutions are approved by a simple majority of votes cast, unless the law stipulates other majorities. The Supervisory Board chair has the casting vote in the event of a tie.

PWO AG's Supervisory Board has 6 members. Two-thirds of its members are shareholders representatives and one third are employee representatives. The appointment of Carsten Claus as Chairman of the Audit Committee means that the recommendations of the German Corporate Governance Code are met regarding the Audit Committee Chair's specific knowledge and experience in applying accounting principles and internal control procedures, as well as his familiarity with audits and his independence. With him as a member, the Supervisory Board and the Audit Committee thus also have a financial expert within the meaning Section 100 (5) AktG. Both the Supervisory Board and the Audit Committee also have at least 1 member with expertise in the field of accounting (Dr. Georg Hengstberger).

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The targets for the composition and fulfillment of the competence profile for the board as a whole are taken into account when the Supervisory Board proposes candidates for the election of Supervisory Board members to the Annual General Meeting. The current Supervisory Board composition complies with these targets and profile specifications: Together, members of the Supervisory Board are familiar with the automotive, metal and electronics industries that are relevant to the activities of the Company and the Group and at least 1 member of the Supervisory Board has expertise in the field of accounting and at least 1 other member of the Supervisory Board has expertise in the field of auditing. In addition, with Karl M. Schmidhuber and Dr. Jochen Ruetz at least half of shareholder representatives have multiple years of international experience.

Members of the Executive Board generally attend Supervisory Board meetings unless the Supervisory Board decides otherwise.

The Supervisory Board's Rules of Procedure include stipulations regarding the formation of committees and regulate their responsibilities. At present there are 2 committees: the Personnel Committee and the Audit Committee.

In particular, the Personnel Committee prepares the Supervisory Board's personnel and remuneration decisions. Where necessary, it consults with external advisers when preparing remuneration decisions. The Personnel Committee also makes suggestions to the Supervisory Board regarding the Executive Board remuneration system. Its members are the chairman of the Supervisory Board, his deputy chairman and another Supervisory Board member appointed on the proposal of the Supervisory Board's shareholder representatives. It is chaired by the chairman of the Supervisory Board.

The Audit Committee, rather than the Supervisory Board, assumes the tasks of previewing the annual financial statements, the management report and the audit report furnished by the auditor. It is also responsible for previewing the consolidated financial statements and the group management report. It also performs the other tasks allocated to the Audit Committee by the German Corporate Governance Code. Its members are the chairman of the Supervisory Board, a shareholder representative and an employee representative of the Supervisory

Board. The Supervisory Board can also pick additional Supervisory Board members for the Audit Committee. The members of the Audit Committee must, as a group, be familiar with the sector in which the Company operates. The chair must not be the chair of the Supervisory Board and must not be a former Executive Board member whose appointment ended less than 2 years ago. The Audit Committee acts in accordance with its own Rules of Procedure.

The committee chairs report on the deliberations and resolutions of their respective committees to the Supervisory Board.

The Supervisory Board assesses, at regular intervals, how effective the Supervisory Board as a whole and its committees fulfill their tasks. The most recent self-assessment was carried out at the Supervisory Board meeting on December 9, 2021, assisted by Dr. Gerhard Wirth, Gleiss Lutz, Stuttgart, as an external consultant and using a questionnaire he prepared that was sent to the members of the Supervisory Board in advance. The self-assessment focused on the composition, organization, information and the exchange of information, management monitoring, involvement in strategic issues, human resources competence, accounting, auditing and corporate governance.

Together with the Executive Board and supported by the Personnel Committee, the Supervisory Board ensures long-term succession planning for Executive Board positions. In this context, the Supervisory Board/the Personnel Committee regularly discuss suitable internal candidates for the Executive Board with the Executive Board. In addition, the Supervisory Board and the Personnel Committee also consider and deliberate on succession planning themselves, also involving external Executive Board candidates in an evaluative capacity. As well as the specific knowledge, skills and professional experience required for the Executive Board position, the Supervisory Board and the Personnel Committee also take the corporate strategy into consideration during the selection and decision process for filling or replacing a position. The planning horizon here is based chiefly on the terms of the current Executive Board members.

In accordance with Sections 96 (1) alternative 4, 101 (1) AktG and Sections 1 (1) no. 1, 4 (1) of the German One-Third Employee Representation Act (Drittelbeteiligungsgesetz) in conjunction with Article 8 (1) of

the Company's Articles of Association, the Supervisory Board comprises 6 members, of which 4 are to be elected by the Annual General Meeting as Supervisory Board members representing the shareholders (shareholder representatives) and 2 as Supervisory Board members representing the employees (employee representatives) pursuant to the German One-Third Employee Representation Act.

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The Members of the Supervisory Board and Their Positions in 2021

Name, Location	Position	Profession	Member of any other statutory German supervisory boards or comparable German or foreign supervisory bodies at commercial enterprises
Karl M. Schmidhuber, Alzenau	Chairman of the Supervisory Board	former chairman of the Executive Board of Progress-Werk Oberkirch AG	No
Dr. Georg Hengstberger, Tübingen	Deputy Chairman of the Supervisory Board	Graduate in mathematics, managing director of Consult Invest Beteiligungsberatungs-GmbH, Böblingen	<ul style="list-style-type: none"> Düker GmbH, Karlstadt Chairman of the Supervisory Board and member of the Advisory Board Düker Email Technologie GmbH, Laufach Chairman of the Advisory Board
Andreas Bohnert, Kappelrodeck	Employee representative (since May 20, 2021)	Process planner and Deputy Chairman of the Works Council of Progress-Werk Oberkirch AG	No
Carsten Claus, Aidlingen		former Executive Board Chairman of Kreissparkasse Böblingen	<ul style="list-style-type: none"> Deutsche Sport Marketing GmbH, Frankfurt Member of the Advisory Board Gemeinnützige Werkstätten and Wohnstätten GmbH, Sindelfingen Member of the Supervisory Board
Stefan Klemenz, Kappelrodeck	Employee representative (since May 20, 2021)	Production planner and Chairman of the Works Council of Progress-Werk Oberkirch AG	No
Herbert König, Renchen	Employee representative (until May 19, 2021)	Business administrator and Chairman of the Works Council of Progress-Werk Oberkirch AG	
Dr. Jochen Ruetz, Stuttgart		Managing director/CFD and member of the Administrative Board of GFT Technologies SE, Stuttgart	<ul style="list-style-type: none"> G. Elsinghorst Stahl and Technik GmbH, Bocholt Member of the Supervisory Board
Gerhard Schrempp, Renchen	Employee representative (until May 19, 2021)	Buyer for stamping and forming tools and member of the Works Council of Progress-Werk Oberkirch AG	

Further details on the composition and procedures of the Supervisory Board and its committees, as well as on the members of the Supervisory Board, can be found in the report of the Supervisory Board and the notes to the 2021 consolidated financial statements (under no. 37 "Composition and mandates of the Supervisory Board and Executive Board"), which can be found in the 2021 annual report published on the PWO website → <https://www.progress-werk.de/en/investors-press/news-publications/reports/> as well as on the PWO website at → <https://www.progress-werk.de/en/group/> under "Supervisory Board".

Other Disclosures on Corporate Governance

Shareholders and Annual General Meeting

The Executive Board is especially committed to PWO AG's shareholders because, as their owners, they provide the capital to maintain and expand the Company's international market position. The Executive Board's most important obligation is to safeguard PWO AG as a going concern and permanently strengthen its competitiveness and that of its subsidiaries while at the same time generating the most attractive long-term and sustainable return on the capital provided possible.

Shareholder interests and rights are protected in full. All shareholders are treated equally. PWO AG shareholders exercise their rights at the Annual General Meeting, which is held at least once per year.

All shareholders who register on time and provide evidence of their shareholdings are entitled to attend the Annual General Meeting. Shareholders who are unable to take part in the Annual General Meeting themselves can have their voting rights exercised by a proxy of their choice. The Company also provides voting proxies for this who are obliged to follow the instructions of the shareholder in question. All documents and information on the Annual General Meeting are available on our website.

Executive Board Mandates

Carlo Lazzarini, Bergisch Gladbach | CEO and Chairman of the Executive Board wvib Schwarzwald AG. Freiburg | Member of the Advisory Board

Dr. Cornelia Ballwießer, Munich | CFO
No mandates outside the Group.

Johannes Obrecht, Oberkirch | COO
No mandates outside the Group.

There were no conflicts of interest in the last fiscal year that involved Executive Board members that would require immediate disclosure to the Supervisory Board.

Corporate Governance Statement Progress-Werk Oberkirch AG 2021

002 Principles of Corporate Governance

002 Declaration of Conformity under Section 161 AktG

003 Management and Control Structure

003 Information on Corporate Governance Practices

005 Diversity

007 Executive Board and Supervisory Board Procedures

Reportable Transactions with Financial Instruments (“Managers’ Transactions”) and Governing Bodies’ Shareholdings

In accordance with Article 19 of the Regulation on Market Abuse, members of the Executive Board and the Supervisory Board, in their capacity as individuals discharging managerial responsibilities, and persons closely associated with them are required to inform the Company and the German Federal Financial Supervisory Authority (BaFin) of managers’ transactions with shares or debt instruments of the Company or other related financial instruments within 3 working days. However, this applies only if the total amount of the transactions carried out by the person subject to the reporting requirement comes to at least EUR 20,000.00 within 1 calendar year. The Company is required to publish notifications it receives within 2 working days of receiving them and to send these to the business register. The BaFin is also informed of the publication.

Notifications about managers’ transactions and transactions by persons closely associated with them in accordance with Article 19 of the Regulation on Market Abuse are published on the website at [→ https://www.progress-werk.de/en/investors-press/the-pwo-share/managers-transactions/](https://www.progress-werk.de/en/investors-press/the-pwo-share/managers-transactions/).

Dr. Georg Hengstberger, who is a member of the Company’s Supervisory Board, is a co-partner and managing director of Consult Invest Beteiligungsberatungs-GmbH, Böblingen. At the end of the 2021 fiscal year, he held 46.73 percent of PWO AG’s outstanding shares.

Stock Option Program

There were not any stock option programs or similar share-based incentive schemes at the Company in the 2021 fiscal year, nor are there any at present.

Accounting and Auditing

The financial statements for the half-year and fiscal year of the Group are prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. These accounting principles are also applied in full in the Group’s quarterly statements. PWO AG’s annual financial statements are prepared in accordance with the German Commercial Code.

The consolidated financial statements and the annual financial statements were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Stuttgart branch, the auditor appointed by the 2021 Annual General Meeting. The Supervisory Board agreed with the auditor that the auditor will inform the chairman of the Audit Committee without delay of any grounds for disqualification or bias that may arise during the audit, unless these are resolved immediately. The auditor will also report, without delay, any findings and issues that occur when conducting the audit and that are of importance to the Supervisory Board’s work.

Remuneration Report

The remuneration report on the last fiscal year, the auditor’s report in accordance with section 162 AktG, the current remuneration system in accordance with section 87a (1) and (2) sentence AktG and the last remuneration resolution in accordance with section 113 (3) AktG are published on the PWO website at [→ https://www.progress-werk.de/en/group/corporate-governance/](https://www.progress-werk.de/en/group/corporate-governance/).

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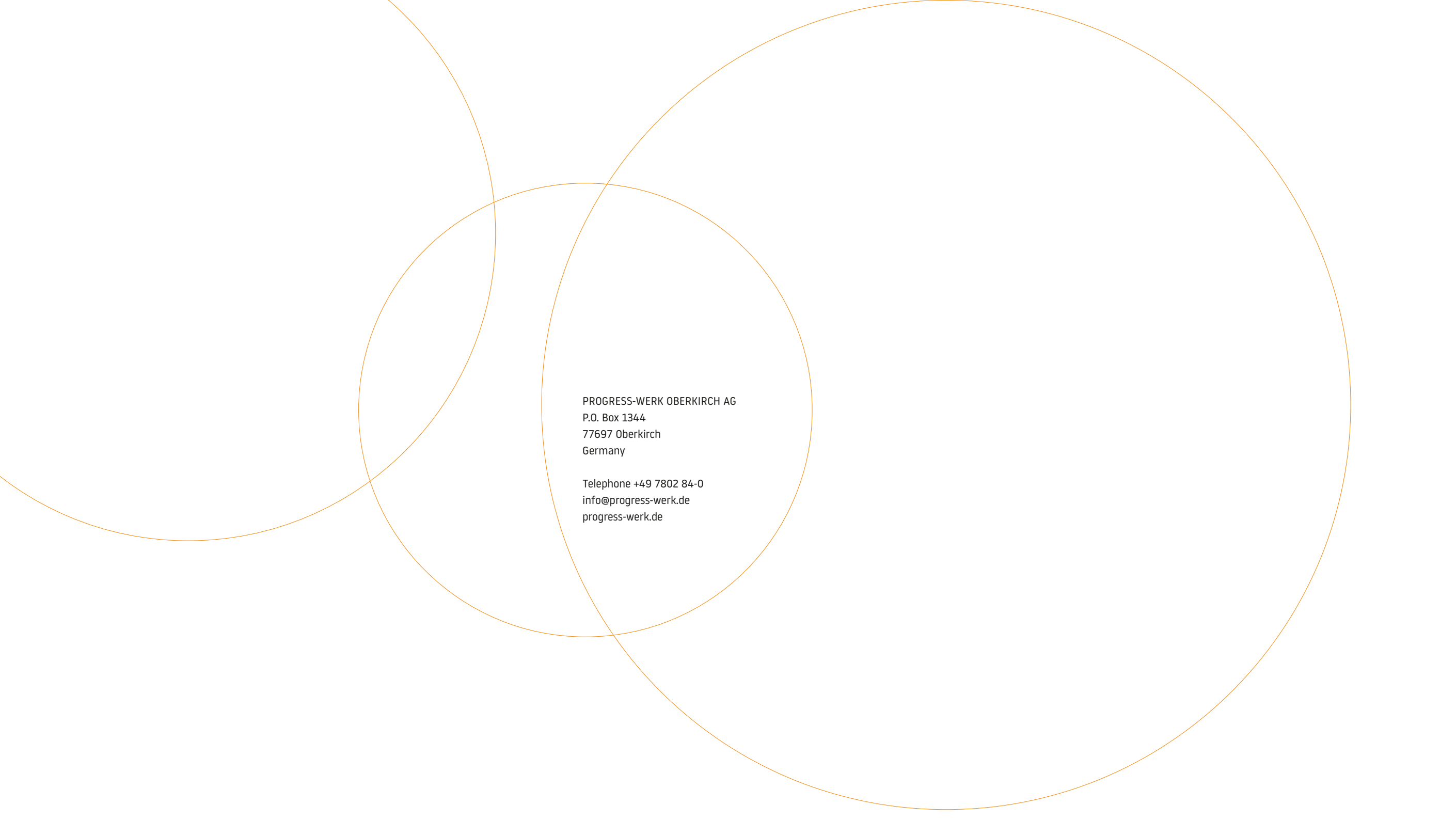
For reasons of better readability, gender-neutral as well as gender-specific forms are used in this document. Hereby all genders are expressly meant. The English translation of this document is provided for convenience of understanding only. In case of any different interpretation of the texts in German and English, the German version shall prevail.

Design

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