

**Non-financial report  
2024 fiscal year**

**RE ■ SHAPE**  
**our tomorrow**

**Non-financial report 2024**

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**SEPARATE 2024 NON-FINANCIAL REPORT IN ACCORDANCE WITH SECTIONS 289 B–E AND 315 B–C HGB**

**Introduction**

At the PWO Group, putting sustainability at the heart of the way we do business is both an obligation and an opportunity. It means running a commercially successful operation while also living up to our social and environmental responsibilities. We firmly believe that a sustainable business model is the best foundation for safeguarding the future of both our planet and the Group. Our innovative strength plays a crucial role in this and underpins our aspirations to play an active part in transforming mobility.

This holistic approach is embodied in the 3 pillars of the framework we have established as our roadmap to sustainable growth: People. Planet. Progress.

People are central to everything we do. We nurture transparent relationships with our customers, employees, investors, business partners, and the public – taking their interests into account in our plans and decisions. We and our employees at all locations are developing a value-based corporate culture and leadership approach that is the foundation for positive and fair working conditions both internally and throughout our value chain. It also strengthens knowledge transfer and the cross-fertilization of ideas so that we can develop viable solutions for the future.

We see this solution-oriented approach as the basis for an effective contribution to protecting the environment and the climate. We are pursuing science-based methods and reducing our ecological footprint with binding targets and concrete action. We are continuously expanding our use of renewable energies and integrating PV systems into our energy management. We are reducing our resource requirements through efficiency improvements and recycling policies.

Our consistently sustainable approach is reflected not only in our processes but also in our business model, which is already entirely independent of combustion engines and is driven by innovative solutions. Progress demands the willingness and ability to change. These qualities are ingrained in PWO’s DNA and enable us to harness our potential for the benefit of society and the environment and to ensure PWO’s long-term success.

**About this report**

Under the German CSR Directive Implementation Act (CSR-RUG), PWO AG and the PWO Group (also referred to in this report as “PWO”, “PWO Group” or “the Group”) are required to disclose material non-financial aspects of their business activities in addition to their financial reporting. For our Group, these are predominantly environmental and employee matters, as well as matters relating to respect for human rights and the fight against corruption. The corresponding disclosures pursuant to sections 315 b and 315 c in conjunction with sections 289 b to 289 e of the German Commercial Code (UGB) are provided in this summarized non-financial report. Social matters are not reported here as they are not material to understanding the business performance, results or financial position of the PWO Group and the effects of its activities on non-financial matters.

The principle of materiality is also a guiding factor for us in voluntarily aligning this report with the requirements of the Corporate Sustainability Reporting Directive (EU 2022/2464 – CSRD). Although this directive had not yet been transposed into national law at the time this report was prepared and thus has no legal basis in Germany, we are following it as a guideline. In doing so, we are demonstrating that we are able to meet the requirements if and when the directive is implemented and underlining our intention to provide our stakeholders with comprehensive, transparent information. In line with this approach, in this report we provide information on topical standards, disclosure requirements, and data points that are based on the European Sustainability Reporting Standards (ESRS) specified by the CSRD.

Our non-financial report covers the 2024 fiscal year and its legality, regularity, and appropriateness have been reviewed by the Supervisory Board. It comprises the separate non-financial reports of PWO AG and the PWO Group for fiscal 2024. The PWO Group comprises PWO AG and its 5 operating subsidiaries.

Accordingly, we report on our sustainability policies, targets and actions at PWO AG’s location in Oberkirch, Germany, and at the locations of its international subsidiaries in the following countries: China (includes PWO HighTech Metal Components Co., Ltd., Suzhou, with 2 sites), Canada (includes PWO Canada Inc., Kitchener, with 1 site), Mexico (includes PWO de México S.A. de C.V., Puebla, with 2 sites), Serbia (includes PWO SEE d.o. o., Belgrade, with 2 sites) and the Czech Republic (includes PWO Czech Republic a.s., Valašské Meziříčí, with 2 sites). Unless otherwise stated, the information in this separate 2024 non-financial report applies to the entire Group.

In accordance with Article 8 of the EU Taxonomy Regulation, in this non-financial report we disclose the share of revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) from Taxonomy-eligible and Taxonomy-aligned economic activities currently in the Taxonomy, in relation to the environmental objectives of climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

**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.

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As 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 and makes a major contribution to sustainable development. Lightweight solutions significantly increase the environmental friendliness of a vehicle because they effectively reduce the overall amount of resources necessary for production and operation and bring down emissions over a vehicle’s entire lifetime. Moreover, around 90 percent of the raw material we process is steel – a material which can be fully recovered and recycled at the end of a vehicle’s lifecycle.

For information on other aspects of our business model, please refer to the comments in the section headed “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 2024.

**Sustainability organization**

PWO views good corporate governance as the foundation of effective sustainability management. It ensures responsible, qualified and transparent management geared toward long-term success, to which our Executive Board and Supervisory Board are fully committed with respect to our external and internal stakeholders. Barring 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/](http://www.pwo-group.com/en/group/corporate-governance/).

At PWO, we ensure effective sustainability management through clearly defined roles and responsibilities, as well as the necessary structures and processes. In line with our holistic thinking, we view sustainability as a cross-cutting function that permeates all areas of our Group. This also applies to systematic dialog with our subsidiaries, which promotes experience sharing and mutual learning.

Ultimate responsibility for sustainability lies with our Executive Board, where it falls explicitly under the remit of the Chief Financial Officer (CFO). After consultation with the Senior Manager Group ESG, who is responsible for sustainability at PWO, he sets the strategic sustainability targets and the associated non-financial metrics. Based on reports by the Senior Manager Group ESG, who informs the CFO at a weekly meeting, he monitors the effectiveness of the strategies, policies and actions adopted. The CFO is also responsible for legal and compliance matters as well as risk management, which institutionalizes the systematic monitoring of impacts, risks and opportunities at Executive Board level.

The Supervisory Board discusses all strategic opportunities and risks with the Executive Board and ensures that these are taken into account accordingly in the sustainability strategy. At its meetings, it is regularly informed by the Executive Board about sustainability matters and PWO’s corresponding activities and their effectiveness. Relevant in-house experts, in particular the Senior Manager Group ESG, are consulted at these meetings as needed.

The strategy itself is prepared by the Senior Manager Group ESG, who is in regular contact with those responsible in the subsidiaries. This enables us to develop a consistent overall strategy for the PWO Group, which can be supplemented by location-specific matters based on local legal requirements or stakeholder requirements. Strategy preparation includes a systematic, Group-wide analysis of ESG-related opportunities and, in particular, risks. Where possible, these are quantified in order to take the impacts of non-financial matters into account accordingly.

The sustainability strategy is then defined by the entire Executive Board after discussion with the Supervisory Board. The current and future viability of the strategy is regularly reviewed, and adjusted if necessary.

**Sustainability strategy**

Our commitment to ecologically and socially responsible action underpins our sustainability strategy. It is consistently aligned with our overarching approach of “business as a force for good”. We are committed to protecting the livelihoods of present and future generations and want to bring about tangible improvements in society through our business activities.

As a member of the UN Global Compact, which we joined in 2022, we aim explicitly to contribute to a more inclusive and sustainable economy – especially in areas where we can use our resources, expertise and innovative strength effectively and efficiently. Based on our business activities, we know it is crucial to identify critical issues and take effective action in these areas.

We therefore identified the sustainability topics that are important to PWO and the associated opportunities and risks for our Group in the reporting year as part of our strategic process, based on a comprehensive materiality assessment.

**Our materiality assessment process**

In line with the requirements of the CSRD, we have based our materiality assessment process on the European Sustainability Reporting Standards (ESRS) as a binding reporting framework. This not only ensures compliance with regulatory requirements but also provides us with a recognized process. As the largest company in the Group, PWO AG took the lead role in the materiality assessment for the entire PWO Group, managing and coordinating the process.

Step 1 entailed comprehensive mapping and analysis of our corporate context, in particular our upstream and downstream value chain, in order to look beyond the immediate boundaries of our Group when determining material topics. At the same time, we identified our stakeholders so as to take their perspectives into account in the materiality process.

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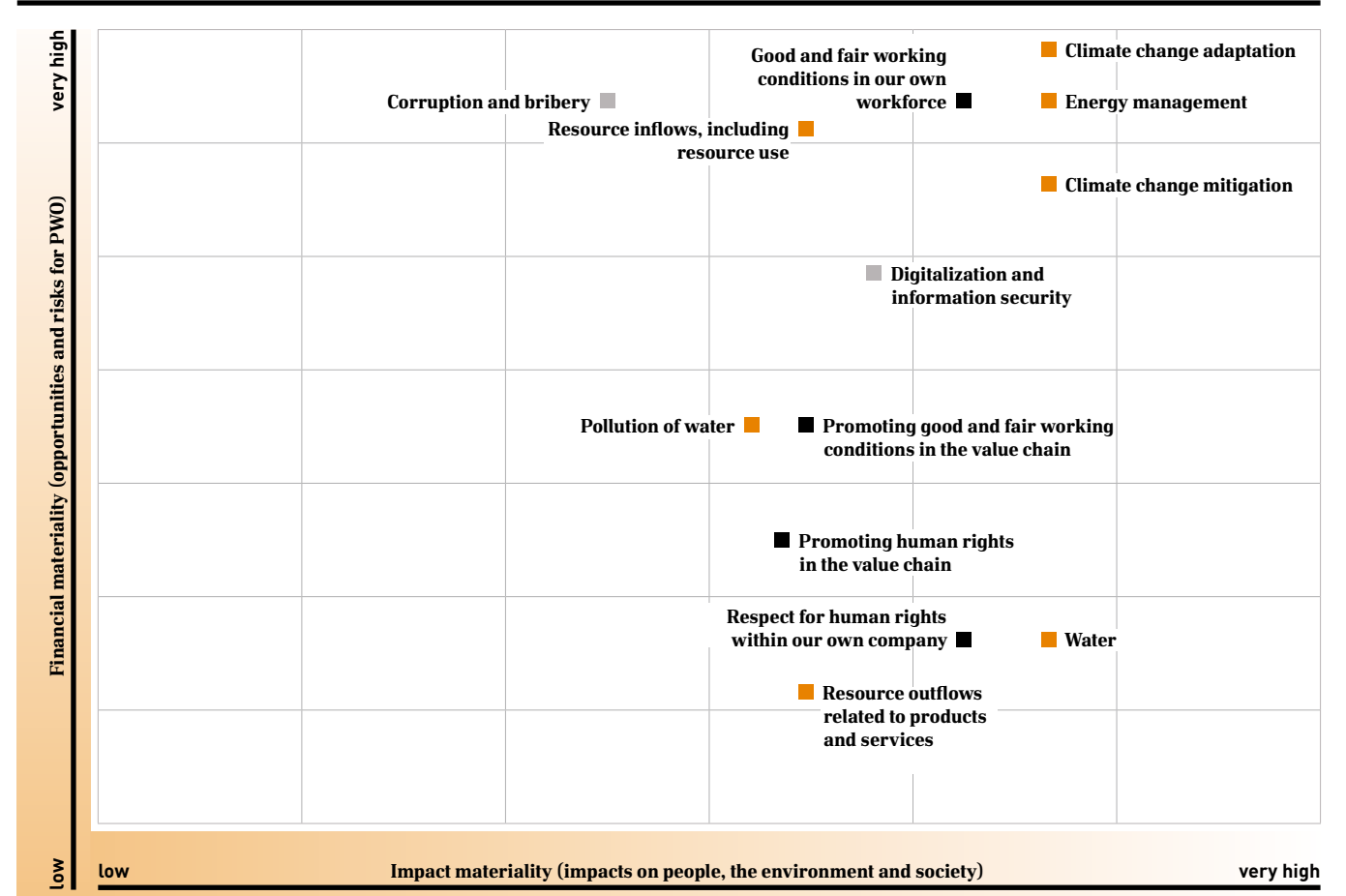
In step 2, we drew up a list of potentially material sustainability topics for PWO based on recognized frameworks – ESRS, Global Reporting Initiative standards, the World Economic Forum’s Global Risk Report and Sustainability Accounting Standards Board standards. For the 30 topics on this longlist, we then identified and quantified both the positive and negative impacts that PWO has on people, the environment and society (inside-out perspective), as well as the associated financial opportunities and risks for our company (outside-in perspective), taking into account the perspectives of various internal and external stakeholders.

Based on this double materiality approach, in step 3 we determined our final material topics (shortlist), taking account of predefined materiality thresholds. These were presented to and approved by the Executive Board.

**Our material topics**

The systematic approach described above resulted in a total of 13 material topics for PWO, 7 of which are assigned to the “Environment” area, 4 to the “Social” area and 2 to the “Governance” area. We have presented them in a materiality matrix for greater clarity.

**PWO materiality matrix**



■ Environmental matters   
 ■ Social matters   
 ■ Governance matters

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**Strategic priorities**

For PWO as a manufacturing company, reducing emissions through the use of renewable energies and by increasing efficiency is a key component of our sustainability strategy where environmental action is concerned, thereby making a valuable contribution to climate change mitigation. It is also strategically relevant for us to reduce the use of natural resources, including water. We aim to use our innovative strength to establish sustainable recycling systems together with our value chain partners. We report on the relevant topics under the “Environmental matters” heading in the next section.

With respect to action on social matters, good and fair working conditions are essential for PWO, both for our own workforce and for workers in the supply chain. Safeguarding human and employee rights and the rights of employee representatives are matters of strategic importance to us. As a company with extensive manufacturing activities, this particularly includes comprehensive health and safety at work, which we also promote in our upstream value chain. These topics are covered under the headings “Employee matters” and “Respect for human rights”.

With regard to good governance, the systematic prevention of corruption and bribery is essential for PWO, as we do not tolerate this in any way at any of our locations and expect our business partners to behave accordingly. We also pursue a data protection strategy to ensure that our data and that of our stakeholders is handled securely and with integrity as part of the ongoing digitalization of all business areas. We report on these topics in the “Integrity and compliance” section.

**Notes on non-financial matters**

In this section we present the material topics we have identified and the associated due diligence processes. We report on targets, progress achieved, actions, and the metrics that we use to manage them. The monitoring of non-financial matters, potential risks and their possible impacts is integrated into the Group-wide risk management system (RMS). This also includes actions to reduce risk where necessary.

To further improve the risk management and early warning system, PWO’s non-financial risks are recorded by the risk owners at all Group locations using an online questionnaire and assessed on the basis of a net impact classification and the possible probabilities of occurrence.

In the reporting year, no material risks were identified that are linked with PWO’s business activities and that are both significant for business performance and will probably or definitely have a severe negative impact on 1 or more of the non-financial matters.

The PWO Group’s RMS and relevant risks are presented in detail in the combined Group management report and management report for PWO AG under the heading “Report on risks and opportunities” in the “Report on risks, opportunities and forecasts” section.

**Environmental matters**

Responsible action regarding the environment is one of our basic beliefs. We fully comply with the applicable legal and regulatory provisions at all our locations. In addition, we have implemented an environmental protection policy that was adopted by the Executive Board after consultation with the Supervisory Board and applies to all of our Group’s locations. Operational responsibility for implementing the policy lies with the Senior Manager Group

ESG, who regularly exchanges information with the responsible individuals at the individual locations. It can be accessed by our employees via the intranet.

The policy is based on our Group’s commitment to its responsibility for climate change mitigation and environmental protection. It articulates our philosophy that transparency, cooperation and the pursuit of continuous improvement are vital to our decisions and actions. The policy also highlights the key areas that are particularly important to PWO and in which we set ourselves concrete, verifiable targets for improving climate action and environmental protection. When identifying these areas, we also take into account the requirements of potential and existing customers in order to leverage opportunities for customer acquisition and retention.

Our policy is substantiated by the strategies we have formulated for the environmental matters that are material for us: climate change mitigation, climate change adaptation and energy management, water management and water conservation as well as resource use and resource outflows. We report on these topics in detail in this section. Each strategy includes specific, time-bound targets and corresponding actions on how we intend to make an effective contribution to protecting the climate and the environment while also taking economic factors into account.

We are supported in the preparation and implementation of our strategy by various management systems, on the basis of which we have also established comprehensive documentation, reporting and control structures. All our locations, with the exception of the 2 new sites in Serbia, are certified in accordance with DIN ISO 14001. Furthermore, an integrated environmental management system is in place at the Oberkirch location. It comprises the energy standard DIN ISO 50001 and the environmental standard DIN ISO 14001.

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**CLIMATE CHANGE MITIGATION, CLIMATE CHANGE ADAPTATION AND ENERGY MANAGEMENT**

Climate change mitigation, climate change adaptation and energy use are key material topics for PWO, both in terms of the opportunities and risks associated with them and the impact of our Group’s business activities on these issues. In the knowledge that an intact climate is the basis of both life and the economy, we are continuously working to reduce our carbon footprint.

**Materiality**

By focusing on lightweight construction, PWO’s business model contributes both directly and indirectly to climate change mitigation, as it requires less material input than conventional construction methods and therefore leads to lower production-related GHG emissions, including in the upstream value chain. Despite this strategic focus, the efficiency improvements achieved and the continuous expansion of renewable energies, PWO is still dependent on fossil fuels due to its manufacturing activities and has an impact on climate change through its carbon emissions. PWO’s value chain also generates a significant volume of emissions. We therefore try to work with customers and suppliers to promote the use of raw materials that have a better carbon footprint than conventional products.

In the year under review, in line with our material topics we carried out a climate scenario analysis for the period through 2050. Our aim here was to analyze both physical and transitional climate risks, taking into account a wide range of scenarios. In addition, we have set ourselves the goal of increasing the PWO Group’s resilience to negative impacts where necessary, and gaining insights in order to gradually develop actions to strengthen strategic resilience.

The analysis considered the 3 SSP (Shared Socioeconomic Pathways) scenarios SSP1, SSP3 and SSP5, which fully cover the range of possible scenarios. The locations included were selected and analyzed based on materiality.

We defined a standardized approach for the assessment of our material locations. In addition to the inclusion of various location parameters and country-specific differences, we applied a consistent interpretation of the SSP scenarios used. The SSP scenarios have the following characteristics:

- SSP1 scenario: Also known as the “sustainability” pathway or “taking the green road”, the SSP1 scenario describes a world that increasingly prioritizes sustainability. In this scenario, global commons are preserved and natural limits are respected. The focus is more on the well-being of people than on economic growth.
- SSP3 scenario: Also known as the “regional rivalry” pathway or “fragmented world”, the SSP3 scenario describes a world characterized by highly regionalized political and economic interests. International cooperation is limited and climate protection is a low priority, as countries focus primarily on safeguarding national interests and promoting short-term economic growth.
- SSP5 scenario: Also known as the “unchecked growth” pathway or “fossil-fueled development”, the SSP5 scenario describes a world that is strongly oriented towards economic growth and the use of fossil fuels. Technological progress and a rapidly growing economy are at the forefront, while climate change mitigation plays a subordinate role.

The procedure for carrying out the entire climate scenario analysis was designed and formalized with the help of 2 specialist consulting firms. The procedure was divided into several steps, which are explained in more detail below.

1. In a relevance analysis, we analyzed a total of 28 physical and 15 transitional impact drivers at location level and rated them according to their relevance. This enabled us to prioritize key impact drivers under consideration of our value chain.
2. In the next step, we qualitatively evaluated the impact drivers identified as relevant, taking into account the 3 selected climate scenarios in terms of expected occurrence and expected damage. This allowed us to further consolidate the relevant topics.
3. To better classify the impacts in relation to individual value creation components, we examined the remaining impact drivers in an impact chain analysis.

Our findings showed that both physical and transitional impacts are to be expected depending on the respective scenarios. The physical risks differ depending on the location, while transitional risks can largely exist across all locations.

Despite the increasing significance of physical climate risks, we believe that we are currently adequately prepared thanks to actions we have already taken, such as insurance. Transitional risks arising from the transition to a sustainable, low-carbon economy are not material for us, although both technological and market-based risks in the upstream value chain may be relevant in individual cases. On the other hand, the growing importance of electromobility in the fight against climate change presents us with considerable opportunities that we can leverage thanks to our business model.

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**Policies and actions**

PWO has formulated a strategic transition plan for climate change mitigation, which was adopted by the Executive Board and Supervisory Board and contains specific targets and actions. In order to reduce our carbon footprint to an extent that is in line with limiting global warming to 1.5°C, in 2022 under the Science Based Targets initiative (SBTi) we committed to reduce our absolute Scope 1 and 2 greenhouse gas (GHG) emissions – i.e., from our own business activities – by 46.2 percent and absolute Scope 3 – i.e., value chain emissions – by 28.0 percent by 2030 relative to the 2019 base year. Thanks to comprehensive electrification of all our processes, consistent use of green electricity, continuous improvement of energy efficiency and stringent implementation of energy savings, we exceeded those targets in 2023.

This achievement is both a reason and an incentive for PWO to set its own new targets. We now aim to achieve net zero emissions in all 3 scopes by 2045. As far as our own production is concerned, we are aiming for net-zero emissions by 2039. We also intend to provide our customers with carbon-free product solutions by 2039, to help them further in reducing their own carbon footprints.

A key building block for meeting our emissions targets is the consistent expansion and purchase of green electricity. Our stated aim is to cover the entire PWO Group’s electricity requirements from renewable sources by 2028. We have already achieved this at some of our locations, for example in the Czech Republic. We only purchase green electricity there, which enables us to expand our business activities in this growth market without increasing electricity-related GHG emissions.

In addition, we are currently reviewing the procurement of power purchase agreements for green electricity at our international locations. These supply contracts are of a long-term nature and govern all conditions, including prices and volumes, over the entire term. This would enable us to reduce market (price) risk and ensure security of supply while making a long-term contribution to climate change mitigation. We are also promoting this alignment of environmental and economic added value by using more renewables, allowing us to reduce emissions and bolster our energy self-sufficiency. Our policy for this includes both the expansion of our own photovoltaic systems and the use of contracting models.

In addition to switching to renewable energy sources, our policy also focuses on reducing energy consumption through efficiency measures. One example of this is our location in Canada, where we have continuously improved the way we manage the use of oils and other fluids for metalworking. As a result, we are increasingly able to dispense with washing manufactured components. Consequently, the parts washing system – which is heated by natural gas – can often be switched off completely, significantly reducing our gas consumption.

We also pay consistent attention to energy efficiency when procuring capital goods. In addition, by leasing industrial goods we avoid long-term commitment to certain technologies that can lead to high, “locked-in” GHG emissions in fixed assets over the long term, and we intend to expand this policy going forward. These types of emissions are correspondingly low at PWO. Emissions from capital expenditure on capital goods accounted for only around 7 percent of our Group’s total Scope 3 emissions in the last 3 financial years.

We promote the achievement of our corporate climate targets by incentivizing them in Executive Board remuneration, which is approved by the Supervisory Board in accordance with the legal requirements of sections 87(1) and 87a(1) of the German Stock Corporation Act (AktG). To support sustainable corporate development, reduction targets for direct and indirect carbon emissions as well as location-specific CO<sub>2</sub> reduction targets are included in the calculation of variable remuneration.

**Outcomes and metrics**

Established processes and tools enable us to precisely measure our energy consumption using our DIN ISO 14001-certified management system. We measure consumption for our own production activities, and the calculations for the associated emissions are location-based, in line with the Greenhouse Gas Protocol (GHG).

We use this data to systematically identify reduction potential in our primary sources of emissions. The corresponding improvement process is an integral part of our management system, into which we incorporate experience and best practice at our individual locations. This enables us to share and test different measures at Group level.

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**PWO Group metrics for CO<sub>2</sub>e emissions**

	2024	2023	2019
<b>Total Scope 1 &amp; 2 CO<sub>2</sub>e emissions (net, market-based)</b>	<b>6,287</b>	<b>9,417</b>	<b>19,222</b>
Gross Scope 1 GHG emissions (t CO <sub>2</sub> e)	4,870	4,827	7,467
Gross market-based Scope 2 GHG emissions (t CO <sub>2</sub> e)	1,417	4,590	11,755
Gross location-based Scope 2 GHG emissions (t CO <sub>2</sub> e)	18,501	18,156	20,491
<b>Total gross indirect (Scope 3) GHG emissions (t CO<sub>2</sub>e)</b>	<b>292,676</b>	<b>282,187<sup>1</sup></b>	<b>305,087</b>
1 Purchased goods and services	231,594	227,526 <sup>1</sup>	244,983
2 Capital goods	24,957	18,616 <sup>1</sup>	12,303
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	5,585	5,501	4,113
4 Upstream transportation and distribution	9,547	9,930 <sup>1</sup>	10,027
5 Waste generated in operations	77	111	92
6 Business travel	920	947	994
7 Employee commuting	1,688	1,679	2,113
8 Upstream leased assets	–	–	–
9 Downstream transportation and distribution	17,753	15,950	28,636
10 Processing of sold products	–	–	–
11 Use of sold products	–	–	–
12 End-of-life treatment of sold products	555	1,928	1,826
13 Downstream leased assets	–	–	–
14 Franchises	–	–	–
15 Investments	–	–	–

<sup>1</sup> Prior-year figures adjusted based on updated emission factors

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In the reporting period, we continued to systematically implement our CO<sub>2</sub>e reduction measures; at 6,287 t CO<sub>2</sub>e, we far exceeded the reduction forecast issued in the previous year for total Scope 1 & 2 CO<sub>2</sub>e emissions. This means we have already achieved a 67 percent reduction in absolute Scope 1 & 2 emissions at Group level relative to the base year 2019.

In particular, the complete switch to green electricity at our locations in Mexico has contributed to a further cut in emissions. We have thus taken another step towards our goal of switching to exclusively green electricity within the PWO Group by 2028.

**PWO Group energy consumption and energy mix**

kWh	2024	2023	Base year 2019
Energy self-produced on site	187,315	–	–
Purchased energy	34,147,126	33,888,679	33,163,749
District heating and steam	310,300	95,600	–
Natural gas/propane gas	19,989,413	19,098,620	31,292,293
Use of fuels in production (oil, diesel, gasoline)	8,739	8,963	11,570
Coal	–	–	–
Other renewable energy sources <sup>1</sup>	–	–	–
Fleet consumption	983,039	1,339,688	1,864,747
<b>Total energy consumption</b>	<b>55,625,932</b>	<b>54,431,550</b>	<b>66,332,359</b>

<sup>1</sup> Other renewable energy sources include biogas, biomethane, liquid biofuels and biomass

With regard to Scope 3 emissions, the emission factors were updated in the reporting period. Unlike in previous years, the update is noticeable in some categories. The significant reductions in some cases in categories 3.5 “Waste generated in operations” and 3.12 “End-of-life treatment of sold products” are mainly due to these updated factors. In contrast, the increased emissions in category 3.2 “Capital goods” reflect the CapEx-related emissions from the new sites in Serbia.

**WATER MANAGEMENT AND WATER CONSERVATION**

Responsible water management is of great importance to PWO. This essential raw material, which is the basis of both life and the economy, is increasingly threatened by developments such as climate change, extensive agricultural and industrial use, and the growth of the global population. We see our business as a force for good. We therefore see it as part of our environmental responsibility to use and conserve water resources with care.

**Materiality**

In its materiality analysis, the PWO Group went through a comprehensive process to identify material impacts, opportunities and risks related to water. We took into account our own operations as well as the upstream and downstream value chain and followed the phases of the LEAP approach (locate – evaluate – assess – prepare). This began with the identification (locate) of locations where pollution could occur due to existing interfaces with the environment. We then identified and examined both positive and negative environmental impacts as well as the associated opportunities and risks for PWO (evaluate). Our systematic review of these (assess) guided our materiality analysis. We incorporated the views of affected stakeholders via internal experts who can assess their expectations. This comprehensive analysis enabled us to develop policies and actions (prepare) to reduce the negative impacts of our activities.

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Based on the analysis, the topics of water management and water conservation have emerged as material for PWO due to the impacts emanating from PWO and the associated financial risks. Water is consumed in our production processes, which also applies to our upstream value chain. Water is also withdrawn in our sanitary facilities.

There are also risks of water pollution, as watercourses are located near some of our locations. Contamination could not only have an adverse environmental impact, but could also result in fines.

**Policies and actions**

The responsible use of water is a key aspect of our environmental protection policy, which applies in full at all our locations. The policy was adopted by the Executive Board after consultation with the Supervisory Board. Operational responsibility lies with the Senior Manager Group ESG, who is in regular contact with those responsible at the individual locations.

Actively reducing our water consumption and using water more efficiently are strategic environmental priorities for us. This focus goes hand in hand with our goal of contributing to the overarching water target of the UN Global Compact under its “Forward Faster” initiative. We plan to make a voluntary commitment to this initiative, which aims to build water resilience across companies’ global operations and supply chains to achieve collective positive water impact in at least 100 vulnerable prioritized water basins by 2030.

The associated policies for us focus on reducing consumption through closed-loop systems, using advanced water-saving technologies in production processes, and methods to prevent water pollution.

To conserve water resources, we operate recirculation systems at 2 locations. At the Oberkirch location, for example, we use water from our own wells in production by means of a recirculation system, and water from public wells exclusively for areas such as the canteen and staff facilities. We also operate a recirculation system at our Canadian location.

To reduce the volume of wastewater, we are also continuously replacing water-based lubricants with purely oil-based lubricants. These are fully collected and professionally treated.

**Outcomes and metrics**

In 2023, we received a Water Security Score from the Carbon Disclosure Project (CDP) for our location in Oberkirch for the first time. The assessment provides a score that reflects a company’s contribution to water security. In addition to the level of detail of the answers given in the questionnaire, the company’s awareness of water conservation, associated management methods and progress towards responsible water management are key factors. Across the 11 assessment criteria, we received an overall score of “C”, which is both the industry and European average. Our stated aim is to improve on this. We therefore want to analyze in even greater depth where we have potential savings and systematically identify and evaluate opportunities to reduce our water use. We plan to do this in 2025.

The PWO Group determines its water withdrawal from public supply systems on the basis of water suppliers’ invoices. This also applies to water discharged into public sewer systems. We determine our water withdrawal from our own well systems by means of our own metering system.

**Location-specific water withdrawal in 2024**

m³	Water withdrawal	
	2024	2023
China	15,509	13,884
Germany	15,763	15,168
Canada	3,299	3,053
Mexico	6,520	6,150
Serbia	2,225	858
Czech Republic	9,516	6,816
<b>Total</b>	<b>52,832</b>	<b>45,929</b>

In the reporting period, the total volume of water withdrawal increased across the Group. In Serbia, this was due to the further expansion of the new sites. At 1 location in the Czech Republic, there was a temporary increase in water leakage during the construction of a new hall, which, in addition to the large increase in head count, contributed significantly to the reported water withdrawal. The fluctuation at the other locations is in line with normal business activities.

**RESOURCE USE AND RESOURCE OUTFLOWS**

The PWO Group sees it as part of its environmental and economic responsibility to handle materials with care and to promote the development of circular economy approaches. As steel is the primary material for our production activities, we see “green steel” – with lower manufacturing emissions than conventional steel – as a key alternative for us to promote closed material cycles and reduce GHG emissions associated with material production. This reflects our approach of not looking at environmental issues in isolation, but identifying and utilizing synergies between them.

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**Materiality**

As a manufacturing group, PWO relies heavily on the use of materials in its production operations. This has a potential impact on natural raw materials. The resource-efficient use of these materials in metal forming is part of PWO’s core business. It is therefore essential for our business model and to safeguard our competitive position.

The key material for us in this context is steel. This entails financial risks arising from fluctuating steel prices. Due to the high recyclability of steel and the already high recycling rates, there are no long-term supply risks. However, the availability of green steel, which PWO would like to use in order to reduce negative environmental impacts, remains limited at present and in the near future due to insufficient production volumes, which gives rise to risks.

Another very important factor in terms of the impact of our actions is the use of materials created in the production process without being incorporated into our products. Due to their high recyclability, they are not waste, but materials that can be reused to a high degree. This means that PWO can have a positive impact on material cycles and take advantage of financial opportunities arising from the sale of these materials.

**Policies and actions**

To create a solid foundation for responsible resource management in our organization, we have firmly anchored it in our environmental protection policy. Our approach includes sourcing materials sustainably, using them efficiently and avoiding waste through closed-loop systems. By using natural resources sustainably, we aim to reduce our dependence on scarce resources, preserve the natural material base and ensure the future viability of ecosystems.

Our strategic focus concerning resource use and resource outflows is on promoting low-emission circular economy approaches. As steel is fully recyclable and very high recycling rates are already being achieved in this area, we are concentrating on the use of green steel, which also enables us to reduce Scope 3 emissions. In this Scope, the purchase of goods and services accounts for around 80 percent of our emissions, which is primarily due to our steel procurement.

To secure a future supply of green steel, we are entering into long-term partnerships with steel manufacturers. In 2023, we signed a partnering agreement with Salzgitter Mannesmann Stahlservice GmbH, a subsidiary of Salzgitter AG, which will enable us to source green steel from Salzgitter starting in 2026.

Under the “SALCOS\* – Salzgitter Low CO<sub>2</sub> 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 an innovative production route using direct reduction and electric arc furnaces. This will enable us to offer our customers an environmentally friendly alternative to conventionally produced steel.

**Outcomes and metrics**

We have built up a comprehensive database for our supply chain so that we can develop the detailed targets and corresponding actions required to manage it. In 2022, we therefore first identified the 3 key sectors that account for the majority of our Scope 3 emissions. In the following year, we then collected real data on Scope 3 emissions for the first time from those suppliers that accounted for more than half of the emissions for purchased goods and services in order to map our upstream value chain as accurately as possible.

We are currently using this data to develop suitable metrics and targets for sustainable material procurement that will allow us to implement supplier-specific actions.

**Employee matters**

Our employees are the bedrock of our innovative strength and competitiveness. A safe and respectful working environment at all our locations and continuous personnel development are fundamental prerequisites for this, because mastering the diverse challenges of the 21st century and securing the future viability of our Group requires motivated, well-trained employees. This includes the targeted recruitment of young talent and experienced specialists, to whom we offer individualized prospects and career paths.

To identify and shape important employee concerns, we hold regular discussions with our workforce, either directly or via employee representatives. PWO AG has a Works Council that is directly elected by the employees. Its task is to monitor compliance with all laws and regulations, occupational health and safety measures, collective agreements and company agreements. It also represents the interests of the employees, takes up suggestions from the workforce and passes them on.

The Executive Board takes up the issues articulated by the Works Council and takes them into account in its decision-making, including with regard to the PWO Group’s strategic direction. This applies in particular to issues relating to job and location security, where the Executive Board and the Works Council jointly draw up corresponding policies with the involvement of trade union representatives. Discussion between the Executive Board and the Works Council is firmly institutionalized at PWO AG and takes place monthly. Additional meetings are held if urgent matters arise. In addition to this cooperation with the Executive Board, employee representatives hold 1 third of the mandates on the Supervisory Board, where they advocate for employee interests accordingly.

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Our employees also have the opportunity to address their concerns and suggestions directly to our Executive Board at the works meetings. The Executive Board submits its annual report once a year, which also addresses the financial position and performance of PWO AG and the PWO Group as well as personnel development. This gives employees the opportunity to assess the extent to which their interests are being taken into account. In addition, all other relevant issues affecting the company or its employees are addressed.

We also ensure the involvement of our employees at our locations abroad, taking into account the respective legal framework conditions. In Mexico and the Czech Republic in particular, there are institutionalized employee interest groups. At the Canadian location, on the other hand, an individual, internal form of employee involvement has developed over the past few decades in close coordination with the local management. It is well established and gives employees the chance to articulate their interests and point out possible negative impacts. These forms of participation are largely unknown in the Chinese economic system. We therefore maintain in-house dialog there, similar to our Canadian location, in accordance with our corporate principles and policies.

In our conversation with employees, we have identified “occupational health and safety”, “employee satisfaction and motivation” and “staff recruitment and retention” as material key topics within the “employee matters” action area. We have summarized these under the overarching heading of “Good and fair working conditions” in our materiality matrix, as they are of equal materiality. “Diversity” is important for PWO, partly due to its global activities, but did not emerge as a material topic in our analysis. As such, we do not report on this in a separate section, but rather in the sections on “Employee satisfaction and motivation” and “Recruitment and development”, partly because we see significant overlaps here.

**OCCUPATIONAL HEALTH AND SAFETY**

PWO believes that protecting the health and well-being of its employees is one of the fundamental responsibilities of an employer. Our Group has implemented an integrated occupational safety management system to prevent the risk of work-related accidents, work-related ill health and occupational diseases, and other health risks.

**Materiality**

As a group of companies operating in the manufacturing sector, PWO employs the majority of its employees in production. Health hazards of a physical nature are greater there than in administrative areas. To avoid possible negative impacts on the workforce, compliance with comprehensive occupational safety measures is of great importance to PWO, including at Group locations where legal requirements are relatively lax. Neglecting this could pose immediate risks to the life and limb of our employees, but also financial liability risks for our company.

PWO’s shift work can have further physical and psychological effects on employees. Mental health is an important issue that affects all of our employees and we view it as a priority. Impaired physical and mental performance has a negative impact on individual employees and on our company as a whole. A lack of health and safety protection can result in absenteeism and the associated financial and legal consequences, but it also reduces motivation, loyalty, recruitment and retention.

**Policies and actions**

PWO has established comprehensive policies across the entire group of companies to ensure the physical and mental health of its employees. A preventive approach is fundamental; we aim to identify risks and hazards as early as possible and avert them.

Building on this approach, our stated goal is to implement occupational health and safety management systems at all our locations in accordance with internationally recognized standards. Our locations in China, Germany, Canada and Mexico are already certified to ISO 45001, which we are also aiming to achieve for

our locations in the Czech Republic in the current 2025 fiscal year and, after the start of production, for Serbia as well. Based on clear structures, processes and responsibilities, we aim to avoid work-related accidents of any kind. We therefore continuously review our processes to identify potential and actual hazards for our employees and use that information to find ways of improving accident prevention.

To this end, the PWO Group has experts conduct assessments at all of its locations at regular intervals. The assessments are tailored to different types of work, with a particular distinction between administrative and production tasks. In addition, we liaise regularly with the works council or similar bodies at our international locations and with occupational safety officers to ensure that managers are informed about possible risks to mental and physical health.

In addition to risk assessments, PWO also provides training on important preventive measures by increasing awareness and teaching appropriate behavior. Our health and safety experts work closely with employees. We use regular training sessions to inform them about occupational health and safety and motivate them to take personal responsibility in the workplace. For example, we have introduced the “ErgoScout” training course for our employees, where they learn how to set up and adapt their workplace and work activities to avoid physical strain and promote active, health-conscious behavior.

The personal well-being of our employees is also supported by the extensive exercise and health offerings provided by the company health management system at all PWO Group locations. These include a wide range of events, competitions, themed months and extensive courses, for example in first aid, which can be attended throughout the year.

In addition, protection against illness is an essential part of our health management program. We have consistently enhanced the hygiene policies developed during the coronavirus pandemic. We support vaccination as a protection against illness with

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in-house advice and vaccination offers. In addition, we offer health advice on areas such as cancer screening and family planning at selected locations where state healthcare does not meet European standards, combining aspects of physical and mental well-being.

For this reason, we are also paying more and more attention to mental health, for which we offer a range of advisory services and events. Here, too, we rely on centralized and decentralized elements to ensure a consistent approach across our entire Group while also being able to respond appropriately to local conditions. For example, we support the work-life balance of employees at our individual locations by offering hybrid working models. At the local level, in Mexico, for example, we follow the “NOM035STPS2018: Psychosocial Risk Factors at Work – Recognition, Analysis and Prevention” standard to identify, analyze and prevent psychosocial risks and create a positive organizational work environment.

**Outcomes and metrics**

The Lost Time Injury Rate (LTIR) is the main metric we use to measure the success of our occupational safety policies and actions. This internationally recognized metric reflects accident frequency and is calculated based on the number of accidents in relation to the number of hours worked, in order to take the size of the company into account.

**Occupational safety metrics**

Proportion of employees covered by the occupational safety management system on the basis of legal requirements or recognized standards or guidelines (%)	100
Number of fatalities resulting from work-related injuries and work-related ill health	0
Rate of recordable work-related accidents (LTIR)	9.53

**EMPLOYEE SATISFACTION AND MOTIVATION**

We consider it our responsibility to create working conditions that promote employee satisfaction and motivation, but also see it as an opportunity. In addition to occupational safety, this includes secure jobs, adequate wages, freedom of association and collective bargaining agreements, opportunities for personal development and work-life balance, and an environment that fosters diversity.

**Materiality**

Job satisfaction and motivation have a direct positive impact on work performance and also indirectly influence PWO’s attractiveness as an employer through a good reputation. We also promote satisfaction and motivation through a diverse, inclusive work environment, which strengthens our ability to recruit new people. Good and fair working conditions also contribute to greater loyalty and staff retention, enabling us to retain valuable expertise and longstanding experience within the company.

Conversely, a lack of satisfaction and motivation results in lower performance and an increased willingness to leave the company, with ensuing costs related to staff turnover. These are reflected in increased expenses for recruitment, selection, and training. But losing valuable knowledge and experiencing personnel shortages are also possible consequences.

By promoting good and fair working conditions, PWO can make a significant contribution to the well-being of its employees, but also to that of society. In particular, high job security and a good work-life balance create significant individual and collective added value. In times of labor shortages and a lack of childcare options, they allow more people to work.

Given that our head office is in a rural area, good and fair working conditions also help us to compensate for possible geographical disadvantages compared with urban areas in terms of our appeal as an employer.

**Policies and actions**

At PWO, we strive for high employee satisfaction and motivation by nurturing the personal well-being of our employees. We see it as part of our corporate responsibility to take into account the individual needs of each person and to create the best possible conditions for them. Our foundations for this are well-established policies on good and fair working conditions, data protection and employee privacy, non-discrimination and equal opportunities, as well as on the right to freedom of association and co-determination.

Appropriate pay at all our locations and the guarantee of transparent remuneration are fundamental to us. At PWO, remuneration is based on the job and the associated requirements in terms of knowledge, qualifications, responsibility and decision-making authority, as well as on performance if it can be clearly determined – but never on origin, gender or other personal characteristics. In addition, where appropriate and possible, we take into account the conditions in the local markets in which we operate.

At all our locations, we fully comply with collective bargaining agreements and national minimum wage thresholds. We respect our employees’ right to form worker’s representative bodies and to enter into collective negotiations to regulate working conditions, particularly with respect to pay. In doing so, PWO guarantees adequate wages for all employees in and outside Europe.

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Another key component for promoting satisfaction and motivation at PWO is work-life balance. That is why we have introduced extensive and customizable mobile working arrangements and maintain a culture of consideration and understanding for sudden family emergencies. In addition, we offer a variety of working time models that are taken up by all genders.

We also provide opportunities for continuous personal and professional development. At PWO, our fundamental approach is to offer our employees systematic and structured career prospects and support them along the way. We work with them to develop training programs that take account of their skills and professional goals while also aligning with the PWO Group’s medium-term needs. The programs include key technical and methodological skills, the ongoing development of personal skills, and targeted training for junior managers and specialists.

In addition, we enable our employees to acquire intercultural skills and gain experience abroad, which is also increasingly important for PWO. In doing so, we not only foster effectiveness and efficiency in internal cooperation across our locations, but also our relationships with our international customers, suppliers and other business partners.

We also pave the way for international careers in the PWO Group through our global talent program with participants from all locations, which has both a management pathway and a project pathway. This enables participants to develop within their role and take on more demanding tasks or gain qualifications in other specialist areas.

Equally, the satisfaction of our apprentices is important to us, as we aim to offer them a promising, suitable job in the profession they have learned after successfully completing their training. We therefore attach great importance to the high quality of our training programs, regularly going well beyond the minimum content requirements set by the chambers of commerce and industry.

Our policies and actions are founded on a value-based corporate culture. In 2022, we developed a canon of PWO values to refine this culture and identify corresponding management principles. The principles we formulated are vital to us in creating and ensuring good and fair working conditions, because we see our managers as having a special responsibility at all locations. These principles are binding on all those entrusted with management and supervision and oblige them to follow the tenets of responsible behavior towards each other and towards our stakeholders. We expect our managers in particular to act as role models and to put all policies into practice.

In addition, our managers are required to be alert to possible negative impacts and to communicate these to the appropriate contact points in our organization. If negative impacts are identified, it is then incumbent on the individual departments – in particular Human Resource Management – to develop approaches and actions to address them effectively.

We also consistently involve our employees in identifying potential improvements. We encourage them to make suggestions at all locations and enable them to alert us to any negative impacts on good and fair working conditions through the Compliance Office, managers or members of the works council or similar bodies at our international locations, or by using our whistle-blower system. We report on this in detail in the “Integrity and compliance” section.

In addition, we conduct employee surveys to drive a continuous improvement process and measure the resulting progress. Our surveys focus on “direct manager and team”, “healthy working”, “sustainability”, “feedback and learning from mistakes”, “principles and values” and “fair, respectful and team-oriented behavior”.

The last 2 topics reflect PWO’s active engagement with and promotion of diversity. 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.

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**Outcomes and metrics**

To evaluate the success of our policies and actions, we compile numerous HR metrics and monitor their progress. This enables us to intervene in the event of adverse developments and to take appropriate action.

Most employees at all our locations have permanent contracts, which means that we offer a high degree of job security. Temporary employment relationships mainly come into play when the order books require it at short notice or when our need for labor cannot be covered by permanent employment relationships.

PWO’s principle of striving for long-term employment relationships applies equally to men and women. While the proportion of employees without a permanent contract was 11.3 percent for men across the Group as a whole, it was only slightly higher for women at 14.1 percent.

The proportion of temporary employees is low at all locations except for China, where the labor law framework and the high willingness of people to change jobs make it difficult to establish long-term employment relationships.

The total number of employees who left the company during the reporting period was 441, which equates to a Group-wide turnover rate of 16.7 percent.

**Number of employees by country, broken down by gender**

Country	Number of employees (head count)	Male	Female	Other	Not specified
China	239	183	56	–	–
Germany	836	727	109	–	–
Canada	318	236	82	–	–
Mexico	685	419	266	–	–
Serbia	118	98	20	–	–
Czech Republic	802	641	161	–	–
<b>Number of employees</b>	<b>2,998</b>	<b>2,304</b>	<b>694</b>	–	–

**Number of employees by contract type, broken down by gender (head count or FTE)**

Employment type	Male	Female	Total
Permanent employees	2,043	596	2,639
Temporary employees	248	94	342
Non-guaranteed hours employees	13	4	17
<b>Number of employees</b>	<b>2,304</b>	<b>694</b>	<b>2,998</b>

**Number of employees by contract type, broken down by region (head count or FTE)**

Employment type	China	Germany	Canada	Mexico	Serbia	Czech Republic
Permanent employees	145	802	318	685	109	580
Temporary employees	94	34	–	–	5	209
Non-guaranteed hours employees	–	–	–	–	4	13
<b>Number of employees</b>	<b>239</b>	<b>836</b>	<b>318</b>	<b>685</b>	<b>118</b>	<b>802</b>

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**Respecting and promoting human rights**

For PWO, respect for human rights is a fundamental part of responsible corporate governance. We firmly believe that we can only be successful in the long term if we live up to this responsibility both locally and globally. As such, we demand that human rights be respected in all our Group companies and also by our business partners. We report below on the 2 topics that are material for us: “respect for human rights within our own company” and “promoting human rights in our value chain”. Our integrated approach to policies and strategies mean that overlaps arise between them; we will refer to these accordingly.

**RESPECT FOR HUMAN RIGHTS WITHIN OUR OWN COMPANY**

We protect the rights of our employees at all our locations and actively oppose child and forced labor, all other forms of modern slavery and human trafficking, and discrimination. Our clear, overarching goal is to manufacture products without violating human rights and under good and fair working conditions.

**Materiality**

To gain an in-depth understanding of specific potential risks with regard to human rights violations resulting from the industry, region or certain personal characteristics such as age, gender, ethnicity or religion, PWO carried out a 2-stage process. First we analyzed publicly available information, e.g., provided by NGOs or scientific institutions, in order to identify and substantiate existing risks. Then we carried out a systematic assessment of potential negative impacts.

The risk of human rights violations is very low at most of our locations due to the economic, legal and social framework conditions. In China and Mexico, there are certain risks in this regard, particularly for non-employees such as temporary workers, which we consistently include in our analysis.

The possible occurrence and disclosure of these risks may result in reputational damage for PWO, but also lost orders and difficulty in acquiring new customers, as compliance in the supply chain is an increasingly important selection criterion in our industry.

Respecting human rights inside and outside our factory gates therefore safeguards our reputation and the trust that important stakeholder groups such as employees, customers, investors and suppliers place in us. This in turn promotes stable business relationships and protects PWO from civil and criminal proceedings.

**Policies and actions**

The PWO Group’s Human Rights Policy is the cornerstone of our respect for human rights. It was developed in cooperation with the Works Council, taking into account various stakeholders and their interests, and was adopted by the Executive Board with the approval of the Supervisory Board. In our policy, we expressly commit to respecting human rights – including throughout our entire supply chain. In order to address the diversity and complexity of human rights due diligence obligations, we explicitly include the following requirements in the declaration that we expect all of our Group companies to implement:

- Compliance with the prohibition of child labor
- Compliance with the prohibition of human trafficking, slavery and other forms of forced labor
- Ensuring occupational health and safety
- Respect for freedom of association
- Non-discriminatory treatment of employees
- Ensuring decent working conditions for employees, including adequate wages and maintaining employability
- Preventing the improper use of private or public security forces for business purposes
- Protecting the rights of indigenous peoples and prohibiting unlawful seizure of land

The content of the Human Rights Policy is based on the United Nations Universal Declaration of Human Rights, the principles of the UN Global Compact, the core labor standards of the International Labor Organization (ILO), the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the provisions of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). We expect our business partners to recognize the aforementioned internationally established frameworks, taking into account applicable country-specific laws.

We expect all our employees to fully comply with the principles of our policy, which strictly prohibits any discrimination against people on the basis of characteristics such as gender, ethnicity, origin and nationality, religion and ideology, political, social or trade union activity, sexual identity and orientation, physical or mental illness, or age. Violations are sanctioned accordingly. To ensure equal opportunities, which goes hand in hand with this, our policy stipulates that the PWO Group only uses performance, qualifications, skills and experience as the basis for the recruitment, placement, training, remuneration and promotion of employees.

We take people with disabilities into consideration and establish a framework in which they can develop their abilities within the company. Further support can include, for example, assistance with visits to the authorities or subsidizing necessary modifications to a person’s working environment. We have drawn up an inclusion agreement for the Oberkirch location. Our international locations will gradually follow suit with their own agreements.

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Our Human Rights Policy goes hand in hand with our Code of Conduct, which is binding for all employees and which we describe in more detail in the “Integrity and compliance” section. Employees are also required to proactively report violations of human rights due diligence obligations. They can do this via the Compliance Office, managers, members of the Works Council or similar bodies at our international locations, or by making use of our whistleblower system.

We therefore specifically inform all of our employees about this system. Links to it are also provided on our website, in the Code of Conduct and in the Human Rights Policy. This online system, which we also describe in more detail in the section on integrity and compliance, gives employees at all our locations the opportunity to report actual or potential human rights violations confidentially and anonymously.

The Compliance Office evaluates the effectiveness of guidelines and codes and develops suggestions for improvement, also in cooperation with local compliance representatives at our locations. Local representatives are responsible for implementation in their PWO Group company and report to the Compliance Office regularly, but at least once a year, on the status of implementation and application.

In addition, the Compliance Office reports to the responsible member of the Executive Board, who is authorized to issue instructions to the Compliance Office and monitors its work. This Board member informs the entire Executive Board and the Supervisory Board so that the latter receives all the necessary information to be able to fulfill its monitoring duties. For further information on compliance management performance, please refer to the “Compliance management and internal

audit” section in the combined Group management report and PWO AG management report for fiscal 2024.

**Outcomes and metrics**

When assessing the effectiveness of our actions on respect for human rights, we record the total number of reported cases of human rights violations, including discrimination, via the above-mentioned channels. There were no such reports in the reporting period. PWO also found no other indications of significant potential or actual violations of human rights concerning its own workforce.

**PROMOTING HUMAN RIGHTS IN THE SUPPLY CHAIN**

At PWO, our commitment to social responsibility extends beyond the factory gates. Our suppliers play a decisive role in this. We expect them to observe values and standards of ethical behavior at all times and to make them an integral part of their business activities. We place the same high demands on them that we place on ourselves.

**Materiality**

PWO works with various types of suppliers from all over the world. PWO AG therefore carried out a risk analysis that also meets the requirements of the German Supply Chain Due Diligence Act in order to identify potential negative impacts on workers in its value chain. This included both the upstream and downstream value chain and a location-specific analysis. In a heat-mapping process, direct and indirect suppliers as well as logistics service providers were considered in order to include, as far as possible, all workers who are likely to be affected by material impacts.

Due to its business model, PWO maintains business relationships in the upstream value chain with companies from the raw materials extraction industry, the manufacturing industry and also transportation service providers with whom contractual relationships exist in the downstream value chain as well. Companies from the steel and aluminum processing industries are among the key suppliers at all locations. Production materials account for most of our procurement, which is why we pay particular attention to it when analyzing human rights risks. Although PWO does not source raw materials directly from the extraction sites, we take them into account as the origin of our supply chain.

As a result, we see a range of risks, particularly with respect to indirect suppliers, which includes various critical issues relating to human rights (child labor, forced labor, lack of occupational safety, lack of freedom of association, pay, discrimination, improper use of security forces, violation of the rights of indigenous peoples and illegal land seizure). Among our direct suppliers, most of whom are themselves processing companies, labor-related issues are coming to the fore. These issues are associated with an increased risk of discrimination against children, women and members of ethnic or religious minorities.

Human rights violations in the supply chain pose various risks for PWO. For one, there are reputational risks, which in turn can lead to a decline in the Group’s appeal to investors, customers and employees. In addition, serious incidents can result in production stoppages at suppliers, which in turn would negatively impact our security of supply and ability to deliver, particularly in the case of strategic suppliers. Liability risks from human rights violations in the supply chain are lower than for incidents in our own Group, but cannot be ruled out.

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**Policies and actions**

Our Human Rights Policy described above is fundamental to our approach to promoting human rights in the supply chain. Through this policy, we apply the principles that also apply to our own business area, enabling us to take a consistent approach.

As with the Code of Conduct for our employees, our Human Rights Policy also incorporates and supplements the principles of our Business Partner Code. Like our basic declaration pursuant to the Supply Chain Due Diligence Act, it is available to all stakeholders in German and English, as well as in Spanish, Czech, Chinese and Serbian. In this Code, which we make an integral part of the contractual relationship, we require that our business partners take note of and accept the aforementioned principles, which include legally compliant conduct in all countries in which they operate, and ethical behavior. We also require our business partners to take the standards set out in the Code into account when selecting their business partners, thereby striving to implement ESG principles throughout the PWO value chain.

Our policy on respect for human rights in the supply chain has an internal as well as an external focus. All employees responsible for procurement processes are obliged to systematically include human rights matters in supplier selection and evaluation.

We follow a clearly defined process for the operational implementation of our guidelines and policies, which begins with a comprehensive risk analysis. As part of this, we investigate whether there are any signs of violations of employee rights at a potential or existing supplier. A software-based analysis looks at country- and sector-specific issues relating to the location and industry of the supplier in question. In addition,

we examine the supplier’s possible involvement in human rights violations based on publicly available sources. If available, we consult the supplier’s sustainability or compliance report for further information.

We also collect further supplier-specific information via a self-assessment questionnaire (SAQ). We reserve the right to verify the accuracy of the information provided, including through on-site audits if necessary. The questionnaire consists of 2 parts, 1 of which contains our minimum requirements and the other, additional requirements. If, after a systematic evaluation of the questionnaire, the supplier does not meet the minimum requirements, it is generally not considered as a contractual partner for PWO. We draw up an individual development plan with suppliers who do not meet the additional requirements. It sets out clearly defined targets and actions as well as the obligation to provide corresponding proof of implementation and is designed as an addendum to the contract to guarantee its binding nature.

If the supplier is unable to provide evidence of the agreed preventive actions during the subsequent review, we request that they be re-implemented. Suspension or even termination of the business relationship is our last resort if the business partner fails to comply with the obligation to eliminate potential risks even after repeated requests or if there are recurring violations on their part.

Accordingly, we expect our business partners to inform us immediately of any human rights violations in our supply chains. This applies both to violations in their own business operations and at their suppliers (sub-suppliers). If there are substantiated indications of violations in their area of responsibility, we demand immediate clarification from the relevant business partner.

If a violation of protected legal positions is identified, we request that the business partner immediately eliminate the issue or, if this is not possible, minimize its effects. We must be kept informed of the actions taken.

By doing this, we support supplier development and the promotion of human rights while reducing human rights risks in our supply chain by excluding suppliers that fail to meet the minimum requirements or to take preventive action. At the same time, we send a clear signal to potential contractual partners regarding the importance of ESG matters for a business relationship with the PWO Group.

We also systematically scout new suppliers and consciously ensure that they meet high ESG standards. In the case of competing offers, we take a positive view of suppliers that submit a sustainability report as part of the selection process. This also creates direct financial incentives to comply with and promote the protection of human rights in our value chain.

The Purchasing department carries out the aforementioned actions in conjunction with our Quality Management and Compliance Office in order to incorporate additional specialist knowledge and experience. The relevant managers and employees are provided with the necessary knowledge through training. The Compliance Office advises the relevant departments on supply chain compliance and supports any actions taken in the event of justified indications of non-compliance. It also carries out associated case-specific risk analyses and deals with reports in the whistleblower system concerning supply chain compliance. The Compliance Office is also responsible for communicating and providing training on all relevant content from guidelines and codes in collaboration with the HR department.

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In order to identify potential risks or actual violations, we also give employees in our value chain the opportunity to report them directly to us. With the help of an external service provider, we have set up a web-based whistleblowing system for this purpose, protected by special encryption and security technologies. The system is available on our website in German, English, Spanish, Czech, Serbian and Chinese, which directly reflects our international locations. Comprehensive descriptions of the system are also available in these languages.

With regard to our processes and actions, our continued aim is to ensure that all new suppliers that are expected to have a long-term contractual relationship of at least 2 years undergo a systematic supplier assessment. We also aim to continue training all employees involved in procurement processes on our policies and processes in order to ensure their consistent implementation and respect for human rights in the supply chain.

We plan to step up our cooperation with existing suppliers in order to minimize negative impacts on workers through a partnership-based approach. Our aim here is to provide technical expertise to identify human rights risks and develop appropriate preventive actions. This strengthens our philosophy of prevention rather than cure.

**Outcomes and metrics**

To ensure that our actions are implemented, we use process-integrated and process-independent monitoring carried out by the Compliance Office, as well as reporting obligations. Documenting the individual procedural steps of risk management provides further monitoring options. Our Executive Board obtains information on the status of supply chain compliance from annual reports.

We continuously record the number of identified violations of governance principles in the supply chain, broken down by direct and indirect suppliers. There were no such violations in the reporting period. Nor were there any suspected cases of compliance violations in the supply chain that were reported to us via the whistleblower system. Accordingly, it was not necessary to draw up plans to develop and implement remedial action.

**Integrity and compliance**

For PWO, compliance with legal regulations and ethical standards and requirements is an essential and integral part of our corporate values and the foundation for successful, sustainable growth. We are conscious of our role in society and our responsibility towards employees, shareholders, customers and business partners. Value-oriented and compliant conduct is therefore fundamental for us and is expressed in our maxim of business as a force for good.

**COMBATING CORRUPTION AND BRIBERY**

At PWO, we strive for competitive edge through innovative, high-quality products and services and differentiate ourselves by going the extra mile to meet customer requirements effectively. Our approach is performance-focused, which means that competition is vital for us. As such, we categorically reject any form of anti-competitive or other behavior that distorts the market.

**Materiality**

Due to its global activities, the PWO Group is exposed to corruption risks. When carrying out an inherent analysis, which takes no account of our own comprehensive prevention mechanisms, there are corresponding risks, particularly in countries with increased corruption risks according to Transparency International’s Corruption Perceptions Index.

Incidents of corruption in our own business, but also in our value chain, can have adverse financial consequences for PWO. These can include cash outflows and, if the incidents become public knowledge, loss of trust among customers and suppliers, reputational damage, but also fines or exclusion from bidding processes.

In terms of negative impacts, corruption and bribery distort competition and cause inefficiency. At a societal level, they undermine trust in institutions, increase income inequality and are detrimental to equal opportunity. The same applies to any restriction of competition through cartels or other anti-competitive practices.

Promoting a level playing field, on the other hand, not only benefits society but also gives the PWO Group the opportunity to distinguish itself through its products and services in fair competition. We therefore see the fight against corruption and bribery as an opportunity to create social and entrepreneurial added value.

**Policies and actions**

PWO has established numerous principles of conduct and specific standards – particularly those based on legal provisions – across its entire group of companies in order to promote legally compliant and legitimate conduct within the Group. They are binding for all employees. All internal guidelines represent a minimum standard that must be adhered to across all PWO Group companies. If stricter standards arise from local law, they must be applied and the corresponding amendments to internal requirements must be agreed with the Compliance Officer.

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Of overriding importance in this context is the Code of Conduct, which stipulates full compliance with the law across all divisions and locations as a fundamental guideline for action and covers all relevant topics. As regards maintaining free competition, it prohibits any agreements with competitors that are aimed at restricting competition. This specifically includes price fixing, customer or market allocation, reduction of production volumes or capacity and boycotts of customers or suppliers.

The Code also prohibits all means of undue influence. It obliges all employees to act transparently in accordance with all applicable international anti-corruption and bribery regulations, in particular those of the United Nations. It only permits the acceptance of gifts and invitations if the occasion and scope are appropriate. Conversely, our employees are only permitted to give gifts and invitations to business partners if there is no possibility of any impression of inappropriate influence being exerted.

The Code also stipulates that the PWO Group fully complies with national and international economic sanctions and supports the fight against money laundering and the financing of terrorists. We implement all relevant requirements and use systems to run checks against current sanctions lists.

All PWO Group units and their employees are required to fully comply with the relevant export and customs regulations when carrying out import and export transactions. These include sanctions, embargoes and other laws and regulations as well as government ordinances that regulate the import, export or domestic trade of goods, technologies and services, the movement of capital and the transfer of software and technologies.

Where necessary, the requirements of the Code of Conduct are supplemented and clarified by more specific guidelines. PWO provides these detailed guidelines on donations and sponsorship, dealing with gifts, invitations and hospitality, avoiding conflicts of interest, reporting information and complying with applicable competition and anti-corruption regulations.

To ensure compliance with legal requirements and internal company regulations, we have implemented a compliance management system (CMS) that is being continuously expanded within our Group. We have set up an efficient organizational and operational structure at all locations to ensure effective compliance and the prevention of corruption and bribery. PWO AG's CMS is certified in accordance with both DIN ISO 37301:2021 and DIN ISO 37001:2016 and includes the systematic management of all necessary organizational precautions.

The model underlying our CMS is based on the recognized “3 lines of defense” approach, which defines fundamental responsibilities for compliance issues. The first line of defense is the managers of the departments and subsidiaries that are constantly confronted with business risks in their day-to-day business. They are responsible for identifying and analyzing potential risks as early as possible and putting in place effective monitoring.

We use a comprehensive questionnaire at all PWO locations so that we can evaluate compliance risks even more effectively depending on local circumstances. It provides a more objective assessment of the compliance risks facing each of the national companies and specialist departments in relation to the relevant risk areas. The compliance risk assessment promotes risk awareness and forms the basis for risk management and

reporting, which is continuously updated as needed. Updates can be triggered by specific incidents, but also by changes in a particular business area. The risk assessment is systematically reviewed each year. It is carried out on a location-specific basis and is of particular importance in the context of corruption, as corruption risks vary across countries. The respective executives, department heads and business unit heads are responsible for risk assessment and management.

The second line of defense is the Compliance organization, which is responsible for establishing and expanding a robust compliance structure in the form of a management system with clearly defined tasks, powers and reporting channels. In addition to the Compliance organization, the PWO Group has established an independent Compliance Committee, which serves as a central advisory and recommendation body for compliance matters and supports and advises the Compliance Officer.

Group Internal Audit constitutes the third line of defense. As an objective authority, it audits the 2 upstream lines of defense and ensures that risks are effectively identified, assessed and managed with the Executive Board and Supervisory Board.

We also consistently involve our employees in the early identification of risks as the first step in our approach. The Code of Conduct encourages them to report any potential violations – whether by action or omission – of which they become aware. Attempted concealment of violations is also covered. For reporting purposes, we give employees the option of contacting their line manager or the Compliance Officer or using our whistleblower system as a channel, which is available 24/7 and guarantees anonymity if the whistleblower so desires.

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Employees who report a suspected violation in good faith need fear no adverse consequences – either from PWO or third parties – even if the suspicion is not confirmed or turns out to be false. We consistently take disciplinary action on threats or indeed retaliation against employees who have reported a possible or actual violation. At the same time, it is important to us that our whistleblower system must never be used to make false accusations. Knowingly reporting false information is prohibited and may lead to disciplinary action or claims for damages.

The whistleblower can obtain ongoing updates about the status of their report via an automatically generated incident number. The incident number can also be used to ask questions or obtain further information anonymously during the investigation.

All reports are received and handled exclusively by the PWO Group’s Compliance Officer, who investigates all reports and guarantees the highest level of confidentiality and impartiality. The Compliance Officer is responsible for a prompt and objective investigation, in which the Compliance Committee is involved as required. The committee can then make recommendations to clarify the facts.

If the information provided is confirmed, the necessary action is taken in the event of personal misconduct. In the event of grievances, appropriate approaches are developed to solve the problem. In cases of particular importance, the Executive Board is involved in accordance with legal requirements.

We view it as important that not only our employees but also our managers identify potential corruption risks or actual violations at an early stage and report them to the Compliance Officer. We aim to increase their awareness of this accordingly.

PWO therefore has a comprehensive strategy for internal training. The Compliance Committee advises on the need for and implementation of training for governing bodies, managers and employees. The Compliance Manager develops a training plan in coordination with the compliance representatives in the subsidiaries, and the Compliance Officer – in consultation with the Executive Board – is responsible for ensuring that the relevant target groups take part in training courses on compliance topics as required.

Compliance training is mandatory for Board members, managers and employees alike. The training takes place annually. New employees or newly appointed managers must take part in the training no later than 6 months after joining the target group concerned. The Compliance Officer’s reporting to the Executive Board and Supervisory Board as the highest governing body includes information on compliance measures implemented, including training courses, so that transparency is ensured and training updates can be monitored.

In addition to general compliance topics, we regularly train all employees who may come into contact with bribery and corruption risks and familiarize them with our anti-corruption guidelines. Employees whose activities involve increased risks of bribery and corruption must take part in preventive training. They must take their first training course within a year of joining the company.

In our guidelines on compliance with applicable anti-corruption regulations, we provide examples of individual forms of corruption and the contexts in which they can occur. This raises employees’ awareness of the many different ways in which corruption can arise, while also allowing us to clarify the definition of corruption and so minimize the scope for misinterpretation.

All members of the Executive Board and Supervisory Board also receive training on corruption and bribery within the first year of taking office. Further training is provided as and when required.

Since we not only pursue the fight against corruption and bribery within our organization but also in our value chain, our Code of Conduct for Business Partners includes the corresponding expectations and requirements that we place on them in this regard. In the earlier section on “Respect for human rights”, we explained how we monitor compliance and deal with violations. In addition, our whistleblower system is available to employees of our business partners and other third parties to report possible or actual violations.

**Outcomes and metrics**

During the reporting period, there were no proceedings against the PWO Group for violations of corruption and bribery regulations. Nor did we receive any reports of suspected cases through the various reporting channels.

We attribute this success in the fight against corruption and bribery to the training we have put in place.

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	<b>Employees with activities exposed to increased risks of bribery and corruption</b>	<b>(of which) members of the Executive Board and Supervisory Board</b>
<b>Number of employees</b>	<b>1,171</b>	<b>2</b>
<b>Percentage trained</b>	<b>100%</b>	<b>100%</b>
<b>Training cycle</b>	<b>Annual</b>	<b>Annual</b>
<b>Training format</b>	<b>Online</b>	<b>Online</b>
<b>Training content</b>		
Definition of corruption	X	X
PWO AG policies & guidelines	X	X
How to deal with suspected cases	X	X
Reporting channels	X	X

**DIGITALIZATION AND INFORMATION SECURITY**

As an innovation-driven company, digitalization is integral to enhancing our business areas and our processes. PWO therefore sees the digital dimension as part of its responsibility. The trust that our stakeholders place in us is based to an ever-greater extent on the confidentiality of personal or business information. We therefore aim to provide comprehensive protection for our systems and for the data of our employees, customers and business partners.

**Materiality**

Digital technology offers PWO the opportunity to automate administrative and operational processes, resulting in huge time and efficiency gains and the associated financial savings. Customer requirements and expectations also create opportunities to strengthen our competitive position through digital processes. This applies similarly to employee recruitment, retention and motivation, as digital technology can open up attractive working conditions such as mobile working.

However, advancing digitalization also entails risks, particularly in the form of cyber attacks. These can result in reputational damage, loss of trust, and civil and criminal proceedings, as well as related damages and fines against PWO. However, the loss of intellectual property – which is particularly important to us as an innovative company – process downtimes and possible ransom demands in the event of data theft through ransomware also pose significant risks for us.

**Policies and actions**

At PWO, we take a holistic approach that goes beyond the minimum requirements for technical and organizational measures that arise from legal and normative requirements. We take an integrative view of information security and the way in which its organizational, procedural and technical dimensions interact.

Organizationally speaking, increasing our employees’ awareness of threats in the context of cyber attacks is essential for preventive action. For this reason, data protection and information security set topics in our Code of Conduct, which also provides specific guidelines for dealing with them.

At PWO, we understand data protection as a personal right. Therefore, all our employees are required to process and use personal data only to the extent permitted by laws, regulations, our own principles and policies, and the individuals concerned. We take data protection into account from the outset and always collect, store, analyze, share and use data responsibly. Our employees, business partners and customers should have appropriate transparency regarding the way we handle their data.

Copying software and installing private software on company hardware is not allowed without the express permission of the IT department.

Under no circumstances may PWO’s IT systems, Internet access, email accounts or any other information and communication media be misused for illegal or immoral purposes. Searching for, downloading or forwarding information with racist, propagandistic, ideological, pornographic or violence-glorifying content is considered a particularly serious misuse and can result in severe sanctions.

In addition, we conduct training on data protection and information security. We use a variety of methods and media for this, including various face-to-face formats as well as a range of interactive online self-training courses. The specified mandatory training courses take place annually.

With respect to our processes, all employees have the option to use various channels, including our whistleblower system described in the previous section, to report breaches of data protection and IT security regulations. We also see our managers as having a special responsibility in this regard. In addition, we involve them directly in identifying possible risks, which we record in a data protection questionnaire at all PWO locations. Primary central responsibility for breaches of data protection law lies with the Data Protection Officer, who reports any breaches to the Compliance Committee.

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Our processes also include ongoing internal and external audits of our information security management system (ISMS). These are guided by ISO/IEC 27001, which is the world’s leading standard for the design, implementation, maintenance and continuous improvement of an ISMS. The whole Group is certified to ISO/IEC 27001. In addition, all our plants have the automotive industry-specific TISAX certification at Assessment Level 2. The first TISAX audit will be carried out in 2025 at the Serbian plant, which is currently under construction.

To prepare for possible cyber attacks, we have emergency plans and policies that we test in regular IT crisis drills to define emergency scenarios, train process workflows and identify necessary actions.

We have extensive specific technical and organizational measures in place to protect the IT infrastructure, based on an integrated, multi-layered concept. These include, among other things, physical security measures, perimeter protection, network security endpoint protection and application security.

To further improve the security of our systems, we have introduced multi-factor authentication for accessing PWO systems from outside the PWO network. During the login process, in addition to entering the pseudonymized user ID and password (1st factor), additional confirmation via an authenticator app (2nd factor) is required. This helps to prevent unauthorized access in the event of a compromised password. Permissions are based on employee job codes. They are managed using the Active Directory system and updated daily via the job codes. By using the job codes for permissions, the authorization concept is mapped to our organizational chart. This underlines how we consistently link organizational, procedural and technical elements.

**Outcomes and metrics**

Thanks to our holistic approach, there were no reportable incidents in the reporting year.

**EU Taxonomy**

The European Commission’s Green Deal describes, among other things, the European Union’s goal of achieving climate neutrality by 2050. A key instrument for achieving this goal is the EU Taxonomy – a classification system for defining environmentally sustainable economic activities. This is intended to classify economic activities in terms of their contribution to 6 defined environmental objectives. The aim of this is to channel capital flows into sustainable economic activities.

The Taxonomy Regulation distinguishes between Taxonomy-eligible and Taxonomy-aligned activities. An economic activity is considered Taxonomy-eligible if it is listed in the EU Taxonomy and can therefore potentially contribute to the fulfillment of at least 1 of the 6 environmental objectives.

The 6 environmental objectives are:

- Climate change mitigation, CCM
- Climate change adaptation, CCA
- Water and marine resources, WTR
- Circular economy, CE
- Pollution prevention and control, PPC
- Biodiversity and ecosystems, BIO

Under the Taxonomy Regulation, economic activities are only environmentally sustainable, i.e., Taxonomy-aligned, if:

- They make a substantial contribution to achieving 1 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 set by the European Commission

Companies that must prepare a non-financial statement are required to apply the Taxonomy. According to Article 8 of the Taxonomy Regulation, the Taxonomy-aligned proportions of environmentally sustainable economic activities in revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) are to be reported annually.

**Reporting for fiscal 2024**

Under the EU Taxonomy, PWO has to report on 6 environmental objectives for fiscal 2024. Our analysis of the classification of turnover, CapEx and OpEx relates to the companies included in the PWO Group’s financial statements by way of full consolidation. The economic activities relevant to the PWO Group in this context only appear under the environmental objective of climate change mitigation. Based on our analysis, PWO does not contribute to the achievement of the other 5 environmental objectives.

The EU Taxonomy contains wording and terms that are, as yet, open to interpretation. Subsequent clarification by the EU could therefore lead to adjustments in reporting. This means there is a possibility that the metrics currently classified as Taxonomy-eligible may be assessed differently with retroactive effect.

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**TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES**

PWO reports here on the proportion of Taxonomy-eligible turnover, OpEx and CapEx based on the requirements of the Taxonomy Regulation. PWO has identified a total of 7 Taxonomy-eligible activities for which turnover, CapEx or OpEx were recognized in fiscal 2024.

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-ALIGNED ECONOMIC ACTIVITIES**

For an economic activity to be classified as environmentally sustainable, i.e., “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. Furthermore, the minimum safeguards criteria set out in the EU Taxonomy Regulation must be met.

**Substantial contribution**

In order to determine whether the economic activities identified as Taxonomy-eligible make a substantial contribution to climate change mitigation, PWO has considered the criteria in Annex I and analyzed whether the listed criteria are met.

**Do no significant harm (DNSH)**

To be Taxonomy-aligned, the economic activities must not only make a substantial contribution to 1 of the environmental objectives, but must also do no significant harm to the other 5 environmental objectives. Depending on the economic activity in question, there are different criteria for the other environmental objectives or further individual environmental objectives that must be met.

<b>Economic activity under the EU Taxonomy</b>	<b>Description of PWO activity</b>	<b>KPI</b>
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 through the permanent provision of a company car or the temporary provision of a pool car)	CapEx, OpEx
7.1 Construction of new buildings	Construction of a new production hall and extension of toolmaking shop	CapEx
7.2 Renovation of existing buildings	Roof renovation – waterproofing	CapEx
7.3 Installation, maintenance and repair of energy efficiency equipment	Measures to modernize building fittings (installation of LED lighting and heat recovery compressors, replacement of ventilation system for more efficient air circulation)	CapEx, OpEx
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation of charging stations and charging systems for electric vehicles	CapEx
7.6 Installation, maintenance and repair of renewable energy technologies	Installation of photovoltaic systems and heat pumps	CapEx

<b>Row</b>	<b>Nuclear related activities</b>	
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
<b>Fossil gas related activities</b>		
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

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**Compliance with minimum safeguards**

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

**Result of Taxonomy alignment**

According to the legal definition, the activities covered by economic activity 3.18 “Manufacture of automotive and mobility components” are those that form the core of PWO’s business operations. For an economic activity to qualify as Taxonomy-eligible, there must also be existing applicable technical screening criteria for it. The activities identified as Taxonomy-eligible take into account the criteria set out in Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023. In addition, only parts that are used exclusively in battery operated electric vehicles are included. The substantial contribution required under the Taxonomy-alignment assessment is thus already fulfilled by the activities identified as Taxonomy-eligible.

In the DNSH assessment, a comprehensive climate risk and vulnerability assessment was carried out for all relevant locations in accordance with the requirements of Appendix A. Specific climate risks were ruled out through the assessment. All relevant climate risks were reviewed in detail for each of these locations and are currently being managed in our risk management system.

An analysis of the potential risks of environmental damage in the context of water scarcity and water quality degradation, as required in Appendix B, has not yet been carried out for all relevant locations. Taxonomy-alignment for economic activity 3.18 cannot be conclusively demonstrated and is therefore not reported.

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 the products or provides the service. This means that the manufacturer or service provider must already perform a Taxonomy-alignment assessment. 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. Similarly, it was not possible to obtain supporting documentation for our suppliers from Germany and the Czech Republic as there is no available data to substantiate Taxonomy alignment.

**DETERMINATION AND CALCULATION OF TAXONOMY KPIS**

The Taxonomy KPIs and reporting on Taxonomy-eligible and Taxonomy-aligned economic activities are determined and calculated in accordance with the requirements of the Taxonomy Regulation. The figures to be calculated are the proportions of Taxonomy-eligible revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx). Turnover, CapEx and OpEx are each assigned to exactly 1 economic activity and 1 environmental objective. The KPIs are calculated based on the consolidated financial statements prepared in accordance with IFRS.

**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 555.11 million is presented in PWO’s consolidated financial statements for fiscal 2024 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 2024 in note 5, “Summary of significant accounting policies”.

To determine the numerator, we analyzed the proportion of turnover generated in fiscal 2024, broken down by purely battery-operated vehicles, hybrid vehicles and conventional vehicles. This approach is aimed at economic activity 3.18, which comprises the manufacture of mobility components for zero-emission vehicle and mobility systems. Compared to the last reporting year, we have now improved the approach to determining Taxonomy-eligible turnover by using actual instead of target figures for the turnover KPI. Based on the logic described above, the proportion of Taxonomy-eligible turnover is 4.31 percent and is therefore slightly lower than in the previous reporting year (4.67 percent).

An allocation key is used to determine the CapEx and OpEx associated with the Taxonomy-eligible turnover. This was also the approach used in the previous reporting year. The allocation key is defined by the proportion of turnover for products intended for battery-operated vehicles (EUR 23.92 million) in relation to consolidated net turnover (EUR 555.11 million) less other turnover (EUR 41.33 million). Based on the logic described above, the allocation key for CapEx and OpEx associated with Taxonomy-eligible turnover is 4.66 percent.

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**Capital expenditure (CapEx KPI)**

The CapEx KPI is defined as the Taxonomy-eligible and Taxonomy-aligned CapEx (numerator) divided by total CapEx (denominator). Total CapEx comprises additions to property, plant and equipment and intangible assets in line with the definition in Annex 1 of the Delegated Regulation on reporting obligations under the EU Taxonomy. The CapEx stemmed from items accounted for in accordance with IAS 16 – Property, Plant and Equipment, paragraph 73 (e)(i) and (iii), IAS 38 – Intangible Assets, paragraph 118(e)(i), and IFRS 16 – Leases, paragraph 53(h). The significant accounting policies are presented in Note 5 “Summary of significant accounting policies” in the notes to the consolidated financial statements for fiscal 2024.

For information on year-on-year changes, please refer to the section “Notes to the statement of financial position”, Note 15 “Property, plant and equipment”, in the notes to the consolidated financial statements. The PWO Group recognized additions of EUR 46.16 million in fiscal 2024, of which EUR 7.05 million was attributable to Taxonomy-eligible CapEx.

The Taxonomy-eligible CapEx consists of several components. EUR 3.34 million associated with economic activity 7.1 relates to the construction of a new production hall, a storage area for bicycles and an extension to the toolmaking shop. Other construction relates to the renovation of the roof to ensure waterproofing at 1 of our locations. CapEx of EUR 0.11 million is associated with economic activity 7.2.

Further CapEx, associated with economic activity 6.5, relates to right-of-use assets (EUR 1.00 million), which mainly concern the use of company vehicles at several locations. A total of EUR 0.28 million was invested in the installation of charging stations to charge these vehicles. This CapEx was associated with economic activity 7.4.

The CapEx associated with Taxonomy-eligible turnover is presented taking into account the allocation key already explained. The Taxonomy-eligible CapEx associated with economic activity 3.18 therefore amounts to EUR 2.15 million.

Other smaller additions to property, plant and equipment were recorded. These relate to energy management, the replacement of ventilation systems, the installation of a heat pump and heat recovery. Also, a further addition was made to the photovoltaic system installed at the Mexico location in the previous year. The activities described were associated with economic activities 7.3 and 7.6.

The proportion of Taxonomy-eligible CapEx amounts to 15.27 percent and is therefore higher than in the previous reporting year (12.95 percent).

**Operating expenditure (OpEx)**

The OpEx KPI is defined as Taxonomy-eligible and Taxonomy-aligned operating expenditure (numerator) divided by total operating expenditure as defined by the EU Taxonomy (denominator). Total OpEx includes direct, non-capitalized expenses as defined in Annex 1 of the Delegated Regulation on reporting obligations under the EU Taxonomy. It relates to rental and leasing expenses, including small-ticket leasing, as well as maintenance and repair costs. The aforementioned expenses are part of other operating expenses in the PWO Group’s income statement. Further information on this can be found in the notes to the consolidated financial statements of the PWO Group for fiscal 2024 in “Notes to the income statement”, note 11.

Taking into account the defined components of the OpEx KPI, the PWO Group recognized OpEx of EUR 12.27 million in fiscal 2024, of which EUR 0.70 million was Taxonomy-eligible.

The Taxonomy-eligible OpEx consists of several components. Under economic activity 6.5, EUR 0.07 million relates to the maintenance of company-owned company vehicles and the rental of non-company vehicles. Further Taxonomy-eligible OpEx of EUR 0.05 million relates to repairs to window panes and roof elements as well as maintenance of lighting and air conditioning and ventilation equipment. These activities are associated with economic activity 7.3.

The OpEx associated with Taxonomy-eligible turnover is presented taking into account the allocation key explained above. The Taxonomy-eligible OpEx associated with economic activity 3.18 therefore amounts to EUR 0.57 million.

The proportion of Taxonomy-eligible OpEx is 5.70 percent and is therefore slightly lower than in the previous reporting year (6.54 percent).

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**Proportion of turnover from goods or services associated with Taxonomy-aligned economic activities – disclosure for 2024**

Fiscal year	2024		Substantial contribution criteria							DNSH criteria ("Do no significant harm")							Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) turnover, 2023 (18)	Enabling activities category (19)	Transitional activities category (20)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)					
Economic activities (1)	Code	Turnover	Proportion of turnover, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity					
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Turnover for environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00			
Of which: enabling activities		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00	E		
Of which: transitional activities		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00		T	
<b>A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)</b>		<b>€ million</b>	<b>%</b>	<b>EL; N/EL</b>	<b>EL; N/EL</b>	<b>EL; N/EL</b>	<b>EL; N/EL</b>	<b>EL; N/EL</b>	<b>EL; N/EL</b>											
Manufacture of automotive and mobility components		CCM 3.18	23.92	4.31	EL	N/EL	N/EL	N/EL	N/EL								4.67			
<b>Turnover for Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)</b>		23.92	4.31	100.00													4.67			
<b>A. Turnover for Taxonomy-eligible activities (A.1 + A.2)</b>		23.92	4.31	100.00													4.67			
<b>A. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Turnover for Taxonomy-non-eligible activities		531.19	95.69																	
<b>Total</b>		555.11	100.00																	

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**Proportion of CapEx from goods or services associated with Taxonomy-aligned economic activities – disclosure for 2024**

Fiscal year	2024		Substantial contribution criteria							DNSH criteria ("Do no significant harm")						Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) CapEx, 2023 (18)	Enabling activities category (19)	Transitional activities category (20)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)				
Economic activities (1)	Code	CapEx	Proportion of CapEx, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity		%	E	T
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
CapEx for environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00		
Of which: enabling activities		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00	E	
Of which: transitional activities		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00		T
<b>A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)</b>																			
		€ million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of automotive and mobility components		CCM 3.18	2.15	4.66	EL	N/EL	N/EL	N/EL	N/EL								6.54		
Transport by motorbikes, passenger cars and light commercial vehicles		CCM 6.5	1.00	2.17	EL	N/EL	N/EL	N/EL	N/EL								4.41		
Construction of new buildings		CCM 7.1	3.34	7.24	EL	N/EL	N/EL	N/EL	N/EL								0.00		
Renovation of existing buildings		CCM 7.2	0.11	0.24													0.00		
Installation, maintenance and repair of energy efficiency equipment		CCM 7.3	0.08	0.17	EL	N/EL	N/EL	N/EL	N/EL								0.60		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)		CCM 7.4	0.28	0.61	EL	N/EL	N/EL	N/EL	N/EL								0.00		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings		CCM 7.5	0.00	0.00	EL	N/EL	N/EL	N/EL	N/EL								0.19		
Installation, maintenance and repair of renewable energy technologies		CCM 7.6	0.09	0.19	EL	N/EL	N/EL	N/EL	N/EL								1.21		
<b>CapEx for Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)</b>			7.05	15.27	100.00												12.95		
<b>A. CapEx for Taxonomy-eligible activities (A.1 + A.2)</b>			7.05	15.27	100.00												12.95		
<b>A. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx for Taxonomy-non-eligible activities			39.11	84.73															
<b>Total</b>			46.16	100.00															

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**Proportion of OpEx from goods or services associated with Taxonomy-aligned economic activities – disclosure for 2024**

Fiscal year	2024		Substantial contribution criteria							DNSH criteria ("Do no significant harm")						Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.) OpEx, 2023 (18)	Enabling activities category (19)	Transitional activities category (20)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)				
Economic activities (1)	Code	OpEx	Proportion of OpEx, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
OpEx for environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00		
Of which: enabling activities		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00	E	
Of which: transitional activities		0.00	0.00							Y	Y	Y	Y	Y	Y	Y	0.00		T
<b>A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)</b>		€ million	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of automotive and mobility components		CCM 3.18	0.57	4.66	EL	N/EL	N/EL	N/EL	N/EL								5.00		
Transport by motorbikes, passenger cars and light commercial vehicles		CCM 6.5	0.07	0.60	EL	N/EL	N/EL	N/EL	N/EL								0.18		
Installation, maintenance and repair of energy efficiency equipment		CCM 7.3	0.05	0.44	EL	N/EL	N/EL	N/EL	N/EL								1.36		
<b>OpEx for Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)</b>			0.70	5.70	100.00												6.54		
<b>A. OpEx for Taxonomy-eligible activities (A.1 + A.2)</b>			0.70	5.70	100.00												6.54		
<b>A. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx for Taxonomy-non-eligible activities			11.57	94.30															
<b>Total</b>			12.27	100.00															

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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 ease of understanding only. In the event of a difference in interpretation between the German and English texts, the German version shall prevail.

### **PICTURES**

**PWO AG**

### **CONCEPT AND DESIGN**

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