



WAEZHOLZ

Sustainability Report

2022/2023



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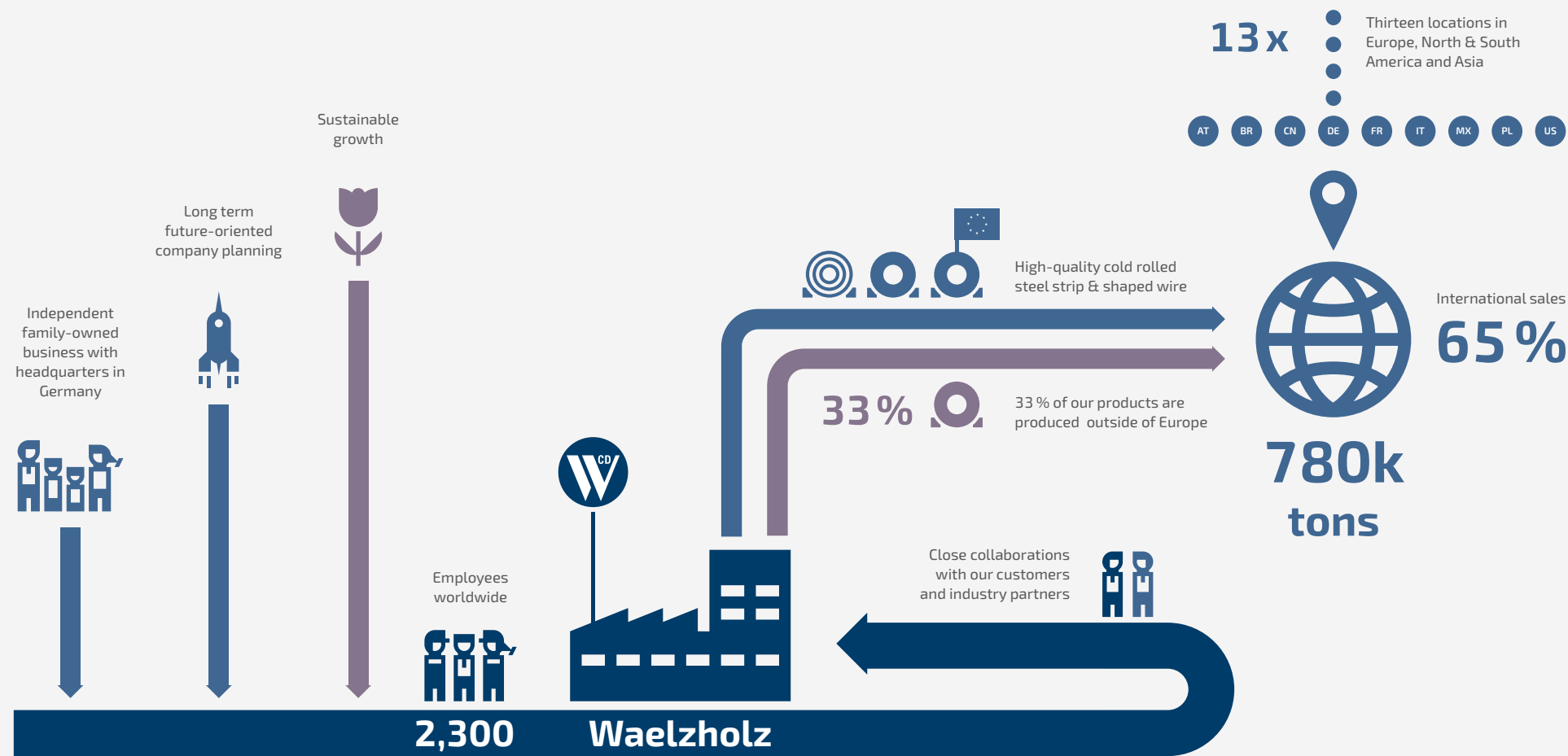
ABOUT WAE LZHOLZ

WHO WE ARE

For nearly 200 years, we have been continuously enhancing our expertise in the cold rolling and heat treatment of steel and expanding our product range to ever new areas of application. Today, the Waelzholz Group is the global technology leader in the development and production of high-quality cold-rolled and heat-treated steel strip and profiles. In this context, we rely on sophisticated and customized material solutions that are tailored to meet our customers' individual requirements – within the tightest tolerances and with the same level of precision across numerous delivery batches. Our mission throughout this process is to give our customers a competitive edge in the global marketplace.

We produce 780,000 tons of high-quality steel materials every year with approximately 2,300 employees at a total of 13 locations worldwide – five in Germany and one each in Brazil, China, France, Italy, Mexico, Austria, Poland, and the United States – and offer our customers services around the globe. Our headquarters and main production site are located in Hagen, Germany.

WAE LZHOLZ AT A GLANCE



WHAT WE MANUFACTURE

As one of the leading producers of cold-rolled and heat-treated steel strip and profiles, we offer the most comprehensive product range in the industry: from non-tempered and tempered steel strip to special high-strength materials to flat wire products and stainless precision steel strip through to high-performance electrical steel strip.

We use our in-depth expertise and innovative material solutions to support our customers along the entire steel value chain in developing sustainable products for the leading industries of today and tomorrow. For example, our customers can use Waelzholz materials to manufacture lightweight construction concepts, electric drive systems with higher efficiency for automobiles, and electrical household appliances.

Our products are primarily used in the following sectors:

- **Automotive and automotive supply industry**
(e.g., for electric motors, seat components, or seat belt retraction systems)
- **Energy sector**
(e.g., for generators)
- **Industrial goods sector**
(e.g., for pruning shears, saw blades, or washing machines)
- **Medical technology**
(e.g., for cannulas or blades)

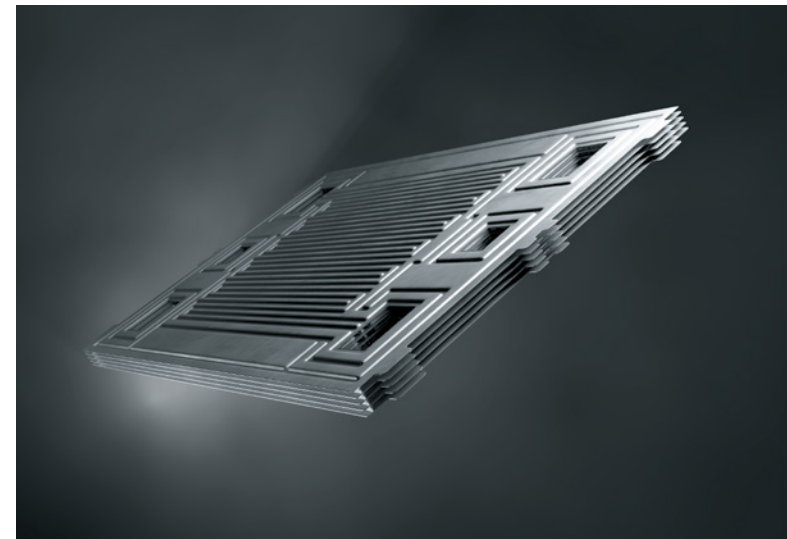
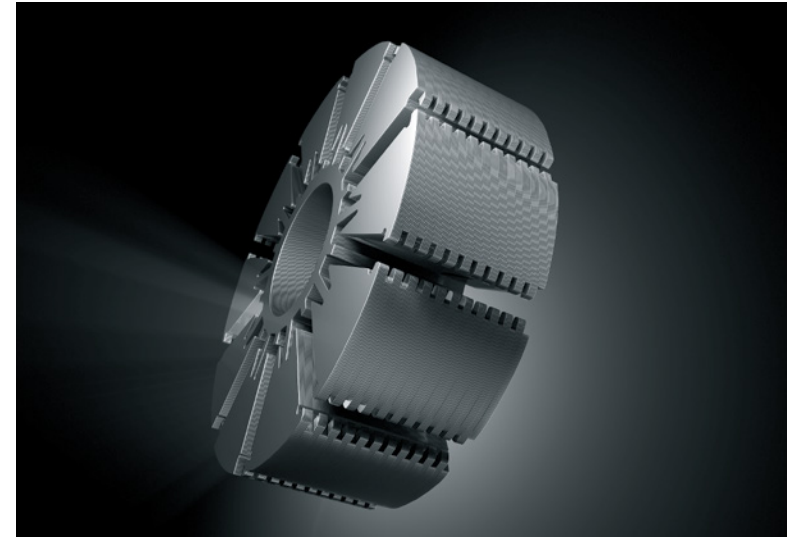


OVERVIEW OF OUR PRODUCTS

| PRODUCT GROUP | VARIATIONS | CUSTOMER BENEFIT |
|--|---|---|
| Cold rolled steel strip | DC-grade steel, micro-alloyed steel, case-hardening steel, steel for hardening and tempering, spring steel or fine blanking grades: alloyed or as standard grades | Unparalleled dimensional accuracy, good formability, suitable for heat treatment, high elasticity, optimal combination of tensile strength and formability |
| Hardened and tempered steel strip | Martensite, bainite, sorbite | Hardness, homogeneity, spring properties, high resistance to wear, substitution of piece hardening |
| High-strength steel strip | High-strength, micro-alloyed fine grained steel | High resistance to wear and good formability at the same time |
| Surface-coated steel strip | With a phosphate layer refined case-hardening or DC-grade steel | Implementation of complex, multi-stage forming operations, prolonged service life of the forming tool |
| Profiles | Over 250 different profile shapes made of steel strip or wire | Tailored geometries, cross-sections tailored to customer products and processes |
| Electrical steel strip | NO grades, HS grades, CDW-PERM® grades, DIN EN 10106, DIN EN 10303, bonding varnish, fast-bonding varnish or insulating varnish | Thermal conductivity, low core losses, high magnetic polarization, high mechanical durability at high speeds, undisturbed magnetic flux due to elimination of imperfections, improved insulation resistance |
| Flat wire products | Wide range of materials from spring steel to hardened and tempered steel strip | Prolonged service life thanks to a mill edge, high tensile strength and even bending properties |
| Stainless precision steel strip | Corrosion-resistant steel, upon request with special alloys | Resistance to corrosion, acids, or heat |

STEEL MATERIALS FOR THE TRANSFORMATION

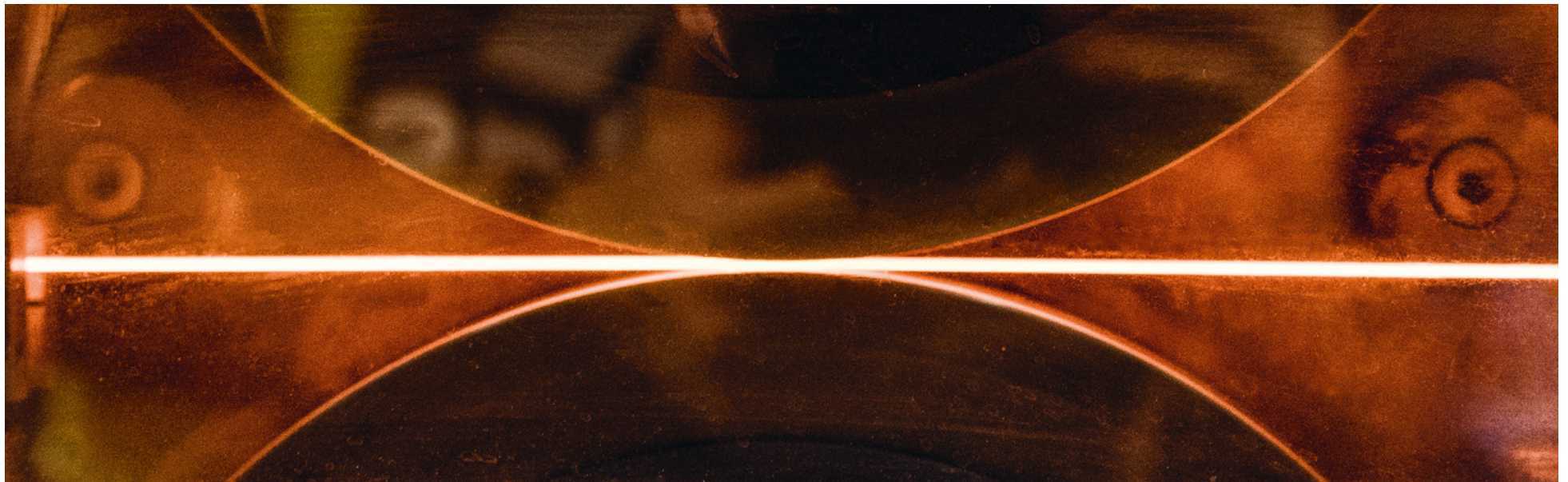
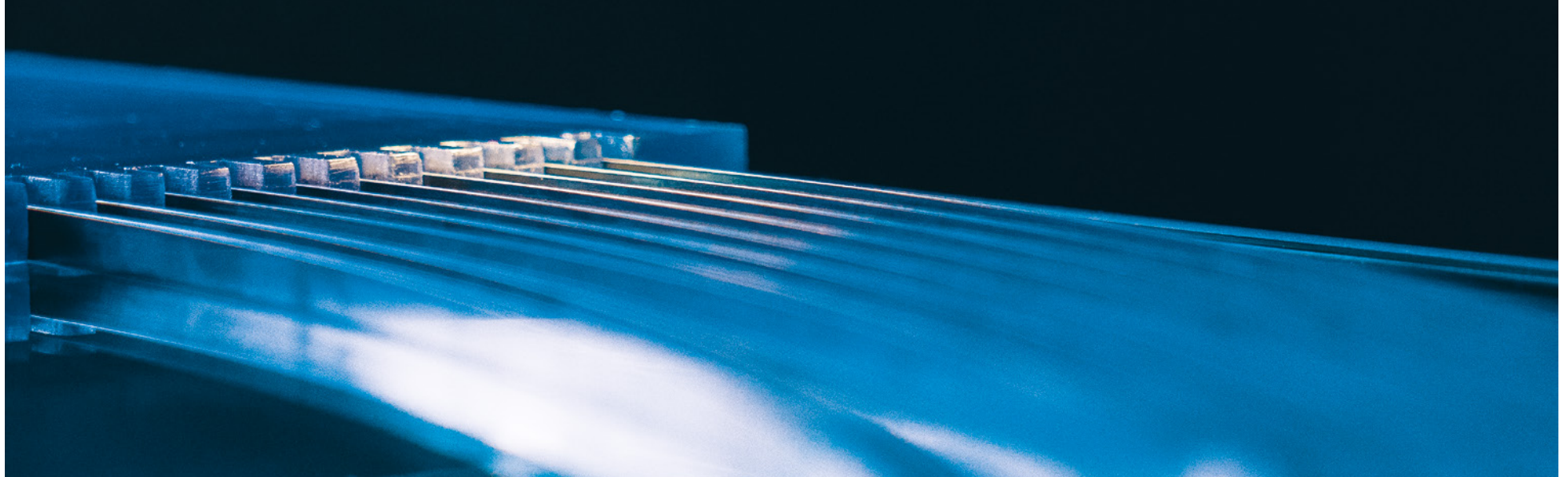
Sustainable transformation processes such as the mobility and energy transition constantly require new, intelligent material concepts. Through our products, we make future applications possible that are pushing the technological boundaries further and further. Our extremely thin electrical steel strip grades, for example, improve the efficiency of electric motors while maintaining an extremely compact design. In wind turbines, our high-performance electrical steel strip is used in generators and our high-strength materials for clutches subject to extremely high loads. For bipolar plates, which form the heart of a fuel cell, we offer a particularly thin version of our stainless precision steel strip. At 75 to 100 µm, it is only about as thick as a human hair.



SHAPING THE FUTURE THROUGH INNOVATION

As a technology leader, our aim is to actively shape technological progress through material innovations. We believe this goes far beyond the development of materials. For example, we optimize our processes with a high level of expertise or develop efficient, patented processes such as conductive high-speed hardening and tempering, which we use to create exceptionally homogeneous microstructures in our flat wire products and profiles. In addition, here at Waelzholz we are creating the technological conditions required to replace natural gas with hydrogen in our own production and thereby make a lasting contribution to the reduction of carbon emissions along the entire value chain. Our electricity procurement strategy takes an increasing share of power generated from renewable sources into account. The aim here is to cover our electricity requirements with power from carbon-neutral sources by 2030.

We believe digitalization is a key factor driving innovation, which is why we were the first company in the industry to implement an internally developed and certified process for calculating the product carbon footprint (PCF) on a grade-by-grade basis, thereby allowing our customers to benefit from our emission reduction measures. As a result, we offer our customers a validated set of data and are paving the way to a transparent and more climate-friendly future.



HOW WE PROCURE RAW MATERIALS

We offer our customers products of unparalleled quality – high-performance materials with highly specific properties within the tightest tolerances, which we maintain with the utmost precision over many years and countless delivery batches. It is therefore extremely important to us that the raw materials we source also meet this high standard of quality. Accordingly, we select our suppliers with great care and strive to build long-term, reliable business relationships.

Our procurement activities essentially fall into four areas:

- Hot-rolled steel strip/electrical steel strip
- Wire rod
- Hot-rolled steel strip used to produce stainless precision steel strip
- Energy

We source our raw materials directly from crude steel manufacturers that have been certified, audited, and approved for certain material specifications according to a defined process. Deliveries are made on the basis of contractually stipulated terms with fixed lead times. The hot-rolled steel strip is delivered in the form of coils by rail from the steelworks to our German facilities, where it is further processed after initial testing.

Energy procurement for our sites includes electricity, natural gas, and the inert gases hydrogen and nitrogen, which we use in our production processes. We ensure a reliable supply of energy through long-term contracts with our suppliers and the dual sourcing strategy we have practiced for many years.

Respect for human rights and environmental protection are both fundamental elements of a society worth living in. We have therefore enshrined in the compliance guidelines governing our procurement process that human rights and environmental protection must be observed along the entire supply chain. Prior to entering into a contract, we require our suppliers to accept the requirements of our Code of Conduct (CoC) or to provide evidence of their own equivalent CoC.





HOW WE ARE STRUCTURED

As a globally positioned group of companies with production sites, service centers, and sales offices on four continents, we support our customers in their home markets. C.D. Wälzholz GmbH & Co. KG has 19 subsidiaries worldwide, which are also accounted for in this sustainability report. Together, these companies form the Waelzholz Group.

As a family business with a history stretching back almost two hundred years, our company is committed to its values. This understanding is also reflected in the ownership structure of C.D. Wälzholz GmbH & Co. KG, which is composed of three family foundations and one natural person as a limited partner:

- Dr.-Ing. Hans-Toni Junius
- The Hans Martin Wälzholz-Junius Family Foundation
- The Dietrich Wälzholz Family Foundation
- The Eckart Wälzholz-Junius Family Foundation

Our philosophy as an independent family business is also illustrated by the fact that since the company was founded by Caspar Dietrich Wälzholz in 1829, family members have held positions of responsibility at the company without interruption and have played an instrumental role in all business decisions. In this context, the family's focus is always on long-term perspectives. Since the very beginning, this has played a crucial role in Waelzholz's business and financial success.

Subsidiaries of C.D. Wälzholz GmbH & Co. KG

GERMAN SUBSIDIARIES

OWNERSHIP INTEREST IN %

| | |
|---|--------|
| C.D. Wälzholz GmbH, Hagen | 100.00 |
| C.D. Wälzholz Verwaltungs GmbH, Hagen | 100.00 |
| C.D. Wälzholz Beteiligungs GmbH, Hagen | 100.00 |
| Waelzholz Service Center GmbH, Iserlohn | 100.00 |
| Kuhbier + Knörr GmbH & Co. KG, Lüdenscheid | 100.00 |
| K + K Verwaltungs GmbH, Lüdenscheid | 100.00 |
| C.D. Wälzholz-Kern-Liebers GmbH, Schramberg | 65.00 |
| Waelzholz Material Verwaltungs GmbH, Hagen | 100.00 |
| Friedr. Gustav Theis Kaltwalzwerke GmbH i.L., Hagen | 100.00 |
| C.D. Wälzholz Oberkochen GmbH i.L., Oberkochen | 100.00 |

FOREIGN SUBSIDIARIES

OWNERSHIP INTEREST IN %

| | |
|---|--------|
| Waelzholz International GmbH; Götzis, Austria | 99.80 |
| Waelzholz North America LLC; Cleveland, Ohio, USA | 100.00 |
| Waelzholz France SAS; Thiers, France | 100.00 |
| Waelzholz New Material Co. Ltd.; Taicang, PR China | 100.00 |
| Taicang Wälzholz Kern-Liebers NewMaterial Co. Ltd.; Taicang, PR China | 65.00 |
| Waelzholz Italia S.r.l.; Senago, Italy | 100.00 |
| Waelzholz Polska Sp. z. o. o.; Gliwice, Poland | 100.00 |
| Waelzholz Mexico S.R.L des C.V.; Mexico City, Mexico | 100.00 |
| Waelzholz Brasmetal Laminação Ltda.; Diadema, Brazil | 44.10 |

WHO MANAGES, ADVISES, AND CONTROLS US

The members of the Executive Board manage the business in accordance with all applicable laws and regulations as well as the company's Articles of Incorporation. In doing so, they must observe the list of business transactions requiring the approval of the Waelzholz Board of Trustees, which is set out in the rules of procedure for the Executive Board. The Waelzholz Board of Trustees is an independent advisory and supervisory body. It is responsible for exercising the rights of the shareholders' meeting and the ongoing supervision of the Executive Board.

The three aforementioned family foundations and one natural person as a limited partner form the Board of Trustees with voting rights.

The respective directors of the family foundations and the natural person collectively constitute the members of the Board of Trustees. Membership on the Waelzholz Board of Trustees is only open to individuals who have the appropriate technical and professional qualifications and expertise and are personally suitable.

The chair of the Board of the Hans Martin Wälzholz-Junius Family Foundation is the chair of the Board of Trustees. The chair of the Board of Trustees coordinates the work of the Waelzholz Board of Trustees, which consists of six members as of June 30, 2023. During the prior 2022/23 fiscal year, the Board of Trustees consisted of one woman and five men.

The Waelzholz Group's Executive Board consists of the following individuals:



Dr. rer. pol. Matthias Gierse
CSO/CPO

Dr.-Ing. Heino Buddenberg
CEO

Henrik Caspar Junius, M. Sc.
COO

Holger Bierstedt, MBA
CFO



FOREWORD BY THE EXECUTIVE BOARD

DEAR READERS,

Climate change and growing societal challenges raise many questions for companies. What will the world be like for future generations? What can we do now to create a society and environment worth living in? How can companies, particularly medium-sized family businesses, ensure their continued existence in the face of these challenges?

We have enshrined the answers to these questions in our sustainability strategy, among other places. In our first Sustainability Report for the 2022/23 fiscal year, we present what we believe are suitable measures that will enable us to take advantage of our opportunities in the future.

A responsible mindset and business practices have shaped Waelzholz's corporate culture since 1829. Time and again, crises have demanded that we demonstrate a high degree of resilience and adaptability. And time and again, we were able to master challenges and successfully overcome crises because sustainability is an integral part of our business model. To us, sustainability has always meant assuming responsibility – with respect to our employees, our stakeholders, and the environment. As was true in the past and remains true today, it is the groundbreaking decisions that will drive our success in the future and which will presumably be felt for years and decades to come. This is how we are ensuring the continued existence of our independent family business – across multiple generations.

The transformation processes towards a climate-neutral future pose major challenges for the energy and resource-intensive steel industry today. As a technology leader, we create tangible solutions on multiple levels. We're reducing our emissions through sustained investments in our processes and developing groundbreaking innovations together with our suppliers and customers. We are the first company in the cold rolling industry to be able to validate the carbon footprint of each individual product integrated into our company software via a closed carbon accounting system, thereby making real reductions in carbon emissions specifically measurable.

Above all, however, it is our high-end steel materials that form the technological basis for many future applications. They are, in the truest sense of the word, enablers of a multifaceted transformation for demanding applications in the industrial, mobility, and energy sectors.

The experience gained over nearly 200 years of company history has taught us that we must constantly adapt to new challenges in a continuously changing world. Our aim is to marry sustainable business success with environmental protection, climate action, and social responsibility.

Together with our global team, we actively strive to achieve our sustainability goals in an innovative, cosmopolitan, respectful, and safe working environment. In this process, we are also committed to maintaining a dialogue with all partners and stakeholders along the value chain and ask you to view the following report as an invitation to enter into a conversation with us.

We look forward to moving into the future together.

Best regards,



Dr.-Ing. Heino Buddenberg
CEO

Published on December 18, 2023

If you have any questions or comments, please contact:

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Dr.-Ing. Heino Buddenberg
CEO

ABOUT THIS REPORT



REPORTING IN REFERENCE TO GRI

This Sustainability Report for the 2022/23 fiscal year is the first report of its kind for the Waelzholz Group and was voluntarily prepared in reference to the Global Reporting Initiative (GRI) reporting standards from 2021.

The aim of this report is to provide our stakeholders with transparent and comprehensive information about our performance in terms of corporate sustainability with regard to the three areas of ESG: environmental, social, and corporate governance.

CONSOLIDATION APPROACH

The information in this report generally applies to the entire Waelzholz Group, including its national and international locations and companies. In places where only parts of the Waelzholz Group are meant or included, this has been indicated accordingly in connection with the respective key figures and statements.

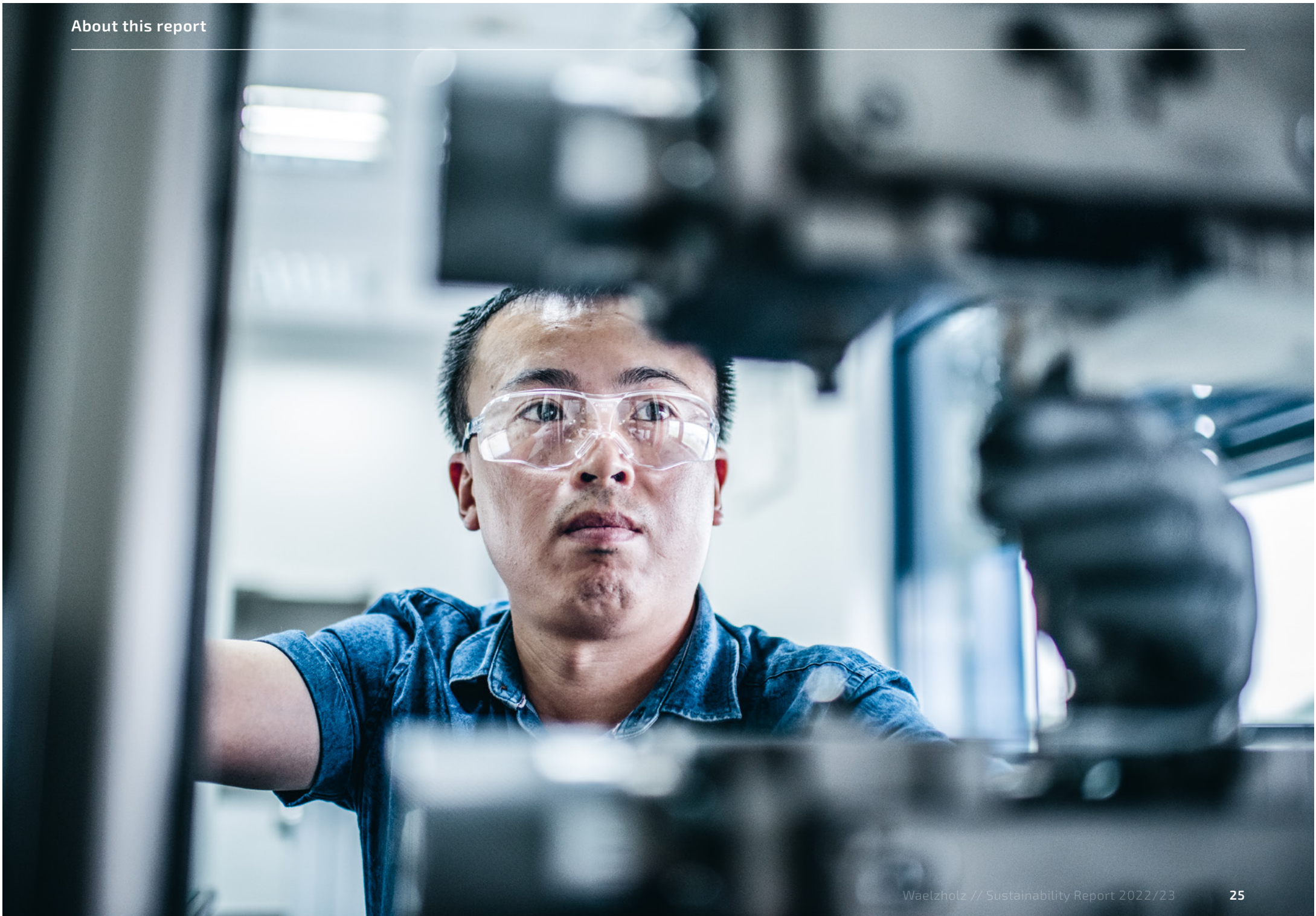
In contrast to our consolidated financial statements, Waelzholz Brasmetal Laminação Ltda. has been fully consolidated in this sustainability report rather than accounted for using the equity method (pro rata).

REPORTING PERIOD

While the majority of the information and key figures were collected for the 2022/23 fiscal year (from July 1, 2022 to June 30, 2023), only the figures from the previous 2021/22 fiscal year are available for parts relating to environmental performance. These will be updated in the next report for 2023/24 and will be available on an annual basis in the future. Rounding may result in minor discrepancies in totals and percentages.

From now on, the Waelzholz Group's sustainability report will be published on an annual basis. We plan to publish the next report at the end of 2024.

2022/07/01
TO
2023/06/30



SUSTAINABILITY MANAGEMENT

17



SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In 2015, the United Nations adopted the 2030 Agenda for a comprehensive environmental and social reform program that aims to take decisive steps towards sustainable development within 15 years. This agenda comprises 17 goals – also known as the Sustainable Development Goals (SDGs) – with a total of 169 subgoals.

We have identified a total of ten SDGs that are affected by the Waelzholz Group's business activities and corporate strategy. Based on this, we aim to systematically make a positive contribution to achieving each of these SDGs by continuously improving our business practices and production processes, seizing new opportunities, and effectively limiting negative impacts.

Waelzholz's ten SDGs



- 3 Good health and well-being
- 4 Quality education
- 5 Gender equality
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation, and infrastructure
- 10 Reduced inequalities
- 12 Responsible consumption and production
- 13 Climate action
- 17 Partnerships for the goals

ORGANIZATION AND STRUCTURE OF SUSTAINABILITY MANAGEMENT

The Waelzholz Board of Trustees has delegated sustainability management and the management of Waelzholz's impact on the economy, environment, and society to the Executive Board. The members bear joint responsibility for ensuring that sustainability management is operationalized and implemented at the departmental level.

ESG Council

At the end of 2023, an ESG Council was installed, consisting of Holger Bierstedt (CFO) as the responsible member of the Executive Board as well as representatives from the Environment, Energy, Occupational Safety, HR, Compliance, IT, Production, Purchasing, Sales and Communications departments and a representative of the Works Council.

The ESG Council meets once a quarter to monitor developments pertaining to the measures and KPIs from the ESG strategy. The ESG Council also provides a status quo update to the entire Executive Board once a year or as required.

ESG at the executive level

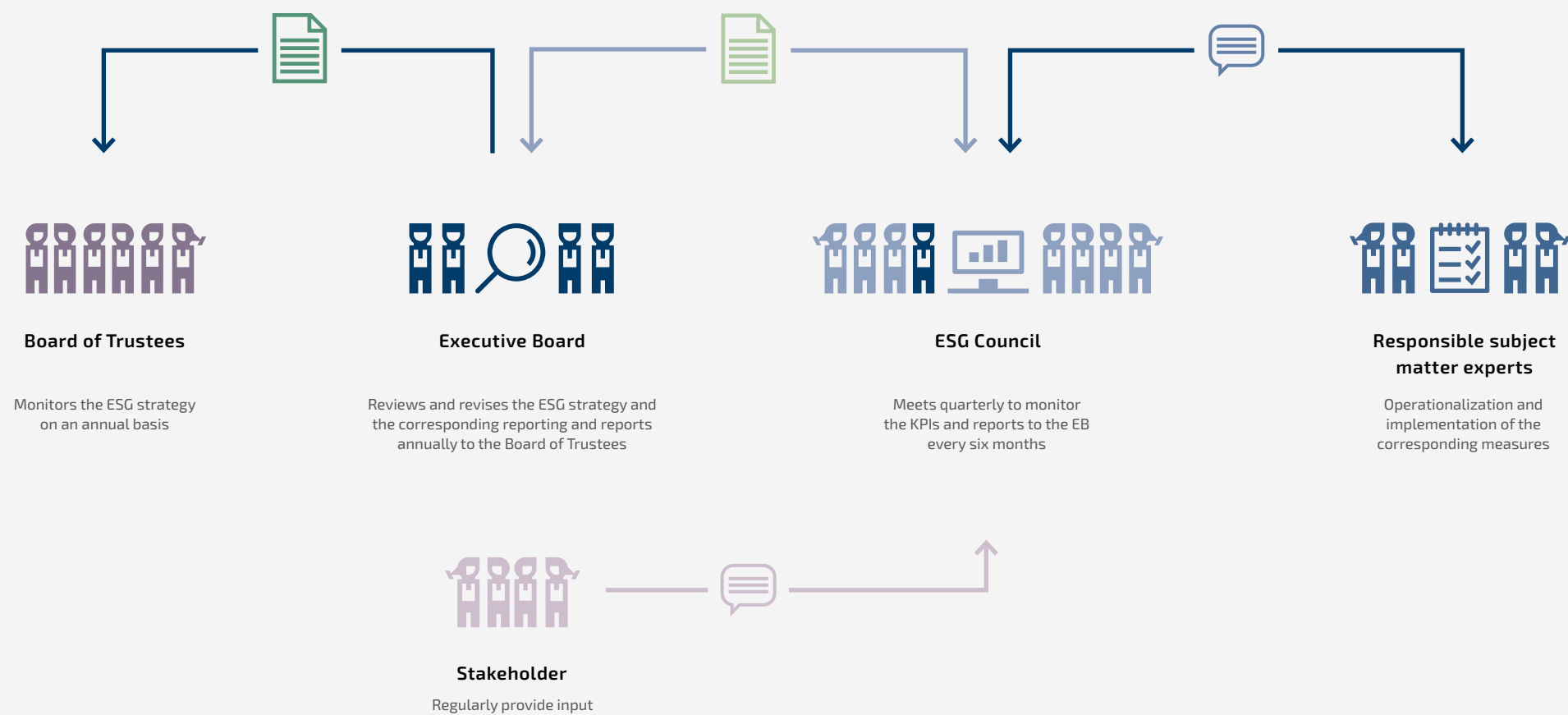
The Executive Board and the Board of Trustees also regularly exchange information on sustainability issues such as the development of a company ESG strategy and the sustainability report.

As with the preparation of the annual financial statements, the content and release of information in the context of sustainability reporting is reviewed at the Executive Board level. The Waelzholz Board of Trustees is informed of this as part of the Executive Board's reporting obligations. The collected sustainability information is primarily shared quarterly, but at least annually in the form of this report at meetings of the shareholder group.

Stakeholder involvement

To promote and develop a common understanding of sustainability, the Waelzholz Board of Trustees and the Executive Board maintain a continuous dialog with Waelzholz Group stakeholders. These include, among others, customers, employees, suppliers, financial partners, associations, universities, and research institutes.

Sustainability organization





ESG strategy

As a company, Waelzholz is committed to fulfilling its responsibilities in the areas of sustainability and ESG (environment, social, governance). To this end, we have formulated a specific ESG strategy with differentiated objectives, measures, KPIs, and time horizons in an integrated process with the support of an external consultancy, which we intend to pursue effectively in the coming years.

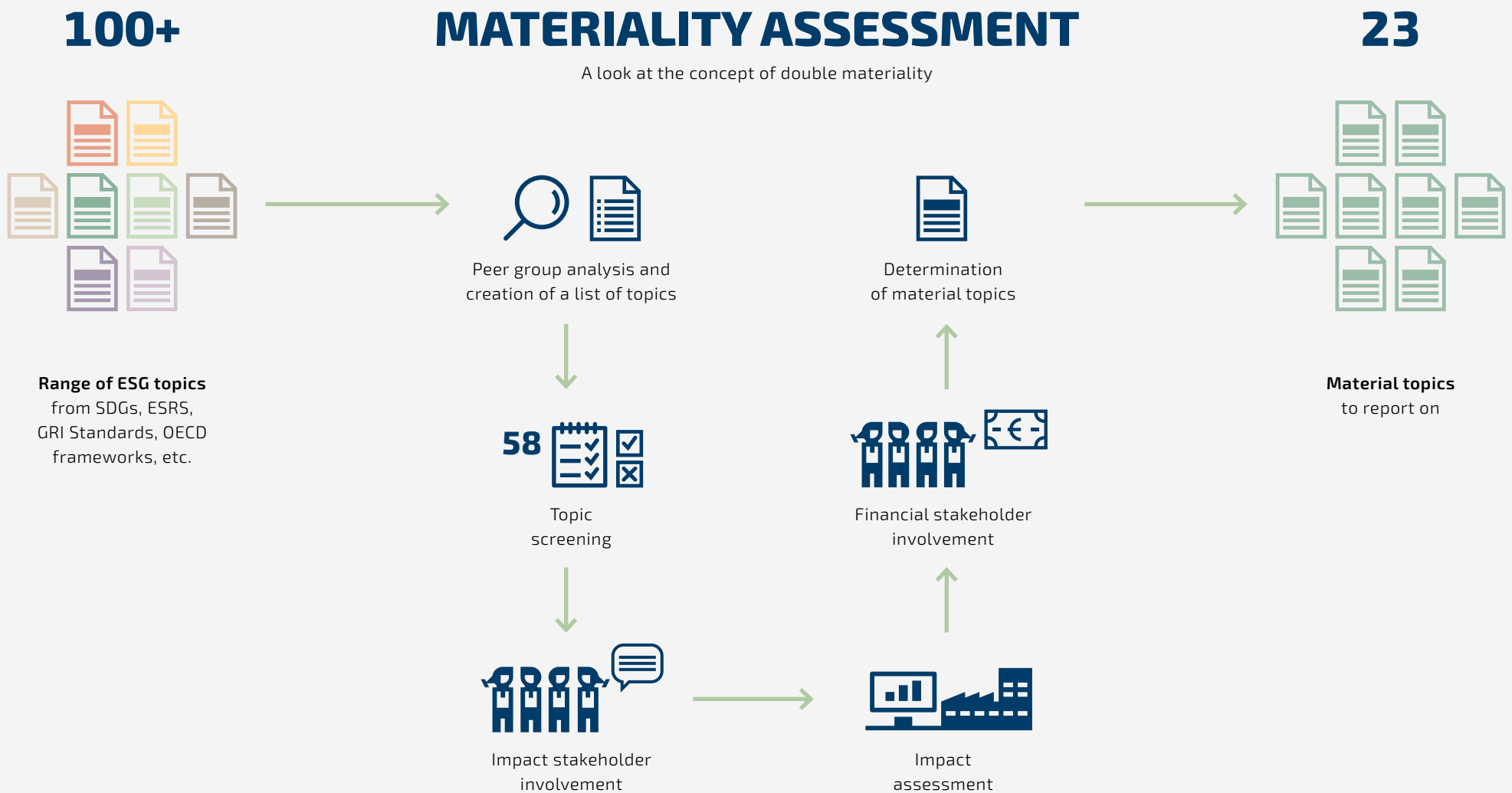
MATERIALITY ASSESSMENT

A materiality assessment forms the core and basis of our ESG strategy, and it, in turn, is based on the regulatory requirements of the CSRD (Corporate Sustainability Reporting Directive) and the new EU-wide standards for sustainability reporting, the ESRS (European Sustainability Reporting Standards). By involving what are known as impact and financial stakeholders, we have identified and evaluated the ESG issues most relevant to the company in terms of double materiality.

Impact materiality

Our first step was to supplement the more than 100 cross-sector ESG topics from the ESRS with a peer group analysis and a comparison with a broader range of topics (including the GRI Standards). In a separate meeting with members of the Executive Board, this comprehensive list of topics was then discussed in an initial screening and the topics were individually reviewed and prioritized in terms of their specific relevance to the company.

The result was a shortlist of 58 topics which were then prioritized further via an online survey from the perspective of the impact stakeholders.



The online survey called on representatives of the company's various impact stakeholder groups (including employees, customers, suppliers, and service providers) to select the 15 topics they believe Waelzholz's business activities have the greatest impact on. In addition, stakeholders were also able to choose from 23 other topics and submit their own suggestions to supplement the list.

The statistical analysis revealed 24 key impact topics (mentioned with above-average frequency). These were then revised again during a workshop with representatives of the Executive Board and managers from various areas of the company and supplemented by the two governance topics "Corruption and bribery" and "Protection of whistleblowers." Afterwards, the attendees assessed all 26 impact topics in terms of the effects that Waelzholz has or will have on the respective topic in the future.

During this impact assessment, the group evaluated the following criteria:

- Probability of occurrence in percent
- Type of impact (positive/negative) on a scale of 0 – 3
- Scale and scope of the impact
- Irreversibility of negative impacts on a scale of 0 – 3

After excluding the bottom 10 percent (i.e., the three topics with the lowest impact factor), the subsequent evaluation revealed 23 key impact topics that can be assigned to 11 overarching topic clusters.

Financial materiality

The next step of the process focused on identifying ESG issues that have a material financial impact on the company or could potentially have such an impact in the future. To this end, the ESRS standard stipulates that financial stakeholders (e.g., lenders and insurance companies) should be consulted in order to obtain relevant information in addition to financially relevant topics that provide indications for a subsequent assessment of the financial materiality of the topics in connection with the factors relating to the probability of occurrence and a monetary assessment. Accordingly, interviews were conducted with six financial stakeholders.

The analysis of the interview transcripts revealed that all of the topics explicitly addressed by the financial stakeholders had already been identified via the impact assessment. As the material topics according to ESRS must be relevant from either an impact or financial perspective, the final list comprises the following 23 material topics in 11 areas of action that had already been identified in the impact assessment.

The financial assessment of all material topics, which is also part of the materiality assessment in accordance with the CSRD, is currently being implemented by our internal risk management team and should be available for all material topics by the first CSRD-compliant sustainability report in 2025 at the latest.

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Areas of
action

23

Material
topics

AREAS OF ACTION

MATERIAL TOPICS (ESRS)

Climate change

Adapting to climate change, Mitigating climate change, Energy

Environmental protection

Air pollution, Hazardous substances/substances of concern, Soil pollution

Circularity

Resource consumption/use of resources, Waste (recycling)

Water management

Water pollution, Water consumption, Water discharges into bodies of water and the oceans

Appropriate working conditions

Secure employment, Fair compensation, Health and occupational safety (of our own employees)

Training and skills development

Training and skills development (of our own employees)

Diversity and equal opportunity

Diversity and equal opportunity (of our own employees)

Corporate culture

Corporate culture, ethics, and integrity, Dealing with conflicts of interest

Compliance

Conduct in compliance with laws and guidelines, Corruption and bribery, Protecting whistleblowers

Business partner and supply chain management

Business partner management

Political participation

Political participation and lobbying activities

CLIMATE AND ENVIRONMENT

ENERGY AND CLIMATE ACTION

Energy efficiency and climate action in the steel industry

As a company belonging to the energy- and emission-intensive steel and metal processing industry, we are committed to complying with all applicable legal requirements and voluntarily initiate targeted processes to continuously improve our environmental performance and increase energy efficiency. In this process, we set high environmental and energy standards at all locations.

Moreover, we are already making an important contribution to reducing and avoiding harmful greenhouse gas emissions with our steel materials – particularly in the transformation fields of energy and mobility. In these areas, among other things, our products serve as the basis for manufacturing core components for generators in wind turbines and motors for drive systems in electric cars.

The use of our cold-rolled products made of alloyed or unalloyed carbon steel can also replace higher-emission materials. Compared to conventional ones, the use of cold-rolled materials also makes it possible to manufacture components with superior properties, such as higher tensile strength combined with reduced component weight. Furthermore, our customers benefit from more efficient processes during machining – made possible by both energy savings and a reduction in the number of steps involved in annealing the steel strip.

Environmental and energy policy

The Waelzholz Group's internal environmental and energy management system is certified in accordance with the ISO 14001 and 50001 standards. In line with our ESG strategy, our overarching goal is to ensure that all processes – from procurement to production to sales – are implemented in a way that conserves resources, uses energy efficiently, and minimizes negative environmental impacts to the best extent possible. An important basis for this is the expansion of the automated, digital energy consumption tracking system, which we intend to implement at all locations by 2028. We also want to source 100 percent of our electricity from renewable energy sources by 2030 (as of the end of 2022: 40 percent) and steadily increase our own production of renewable energy.

Energy efficiency measures and results

We use internal procedures to continuously monitor the effectiveness of measures, which are also audited externally as part of our ISO 50001 certification. In this context, the extent of the savings achieved is heavily dependent on the measures taken and can fluctuate from year to year. Nevertheless, since the introduction of our energy management system in the 2009/10 fiscal year (FY), we have successfully cut our energy consumption at our German sites by approximately 3.7 percent – while simultaneously increasing production volumes.

Measurement of success

The effectiveness of a measure is typically reviewed or assessed over an observation period of one year following its implementation. If it is not possible to measure directly, we fall back on auxiliary calculations and estimates. In doing so, we apply methods that comply with the ISO 50001 standards or, in the case of subsidies, the calculation rules applicable to the respective subsidy program.

The Waelzholz Executive Board ensures that the information required for this purpose is made available and that the necessary resources are made available for the corresponding management systems. In addition to the internal CIP (continuous improvement process) working groups, the employees involved are always tasked with achieving overarching goals via individual agreements on objectives.





Expansion of the energy data tracking system

We significantly expanded the automated digital tracking of energy consumption at our production sites in FY 2021/22. For example, we connected the electricity meters at the German locations in Oberkochen and Hagen (in this case the production sites Nord, Süd, Kabel, and Halden) to the cross-site tracking system and brought them into operation. In the coming years, we intend to press ahead with the expansion of automated consumption tracking at all locations, particularly for natural gas and other media.

In-house production of renewable energy

In FY 2021/22, our solar power system, which was installed on the roof of production site Süd in Hagen, Germany, in FY 2011/12, produced 620 MWh of renewable electricity, which represents a savings of 330 tons of CO₂ equivalents. Since bringing the solar power system into operation, we have already been able to feed a total of 6.3 GWh of electricity from renewable energy sources into the grid through the end of FY 2021/22.



Energy consumption

Energy demand at our German locations has increased by approximately 4 GWh since the baseline year (BY) 2018/19, which offers realistic reference values in terms of energy consumption as a stable year without the influence of the pandemic (as of FY 2021/22). The majority of our energy consumption is attributable to the combustion of natural gas, which is mainly used in our production processes.

Natural gas consumption in FY 2021/22 totaled 300 GWh. Compared to 2018/19, this represents an increase of roughly 5 GWh. Electricity consumption in the same period amounted to 132 GWh and therefore stood one GWh below the level of the BY. Gas consumption for our forklifts also fell slightly compared to the baseline year.

In addition to our gas heating systems, which consumed approximately 23 GWh in FY 2021/22, we also purchase heat in the form of thermal oil at our production site in Wickede, Germany. Here, consumption in 2021/22 amounted to just under 3 GWh.

At the present time, it is not yet possible to fully track the amount of energy consumed by some older cooling towers and air conditioning systems. When replacing older cooling systems, we will therefore install separate meters in order to be able to track their consumption in the future. A corresponding tracking structure has already been created for this purpose.

We also generate steam for the steel strip and wire pickling line at production site Nord in Hagen and primarily for the bonderizing systems and building heating at the Oberkochen site (both in Germany). The boilers required for this purpose consume a total of roughly 9 GWh of natural gas. With a boiler efficiency of approximately 90 percent, this results in an output of approximately 8 GWh, which is identical to consumption.

| ENERGY USE in MWh ^{1,2} | 2021/22 | 2020/21 | 2018/19 (Baseline year) |
|--|----------------|----------------|----------------------------|
| Natural gas³ | 300,000 | 298,000 | 295,000 |
| Heating | 23,000 | 22,000 | 18,000 |
| Heating oil | 750 | 270 | 250 |
| Fuel gas for forklifts (LPG) | 5,600 | 5,300 | 6,000 |
| Electricity | 132,000 | 130,000 | 133,000 |
| Thermal oil (Wickede) | 3,100 | 3,100 | 2,700 |
| Total | 441,450 | 436,670 | 436,950 |
| Energy intensity⁴ (MWh/t production volume) | 0.830 | 0.850 | 0.780 |

¹ The data used to calculate our energy consumption is rounded and taken from the annual energy management report, which is published at the end of each year. The current version, which was available at the time this report was prepared, covers FY 2021/22. In addition, the data is limited by the boundaries of our internal energy management system and therefore only includes the German production sites Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.

² The conversion factors are either physically defined (e.g., MWh to MJ) or come from the official data provided by Germany's Federal Office for Economic Affairs and Export Control (abbreviated BAFA in German).

³ The exact calorific values specified on the energy suppliers' invoices were used for the conversion of natural gas figures.

⁴ The ratio takes into account all purchased quantities of energy for gas and electricity regardless of their intended use (e.g., generation of steam or cooling) as well as the energy consumption at the aforementioned German production sites Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.



Energy intensity

Energy demand in FY 2021/22 increased overall compared to the BY. During the same period, the energy intensity of our products increased from 780 to 830 kWh/t production volume. This can be explained by a change in the product mix resulting from the increased demand for martensitic hardened and tempered steel and electrical steel strip. Compared to the previous year (2020/21), however, when total energy demand was similar to the BY, energy intensity has decreased.

Greenhouse gas emissions

In FY 2021/22, both the calculation of our corporate carbon footprint (CCF) and our product carbon footprint (PCF) were audited and certified by GUTcert in accordance with the requirements of ISO 14064-3, taking ISO 14064-1 and ISO 14067 into account.

In accordance with the Greenhouse Gas Protocol's international standard, our greenhouse gas inventory includes direct emissions from stationary and mobile combustion (Scope 1) as defined in ISO 14064-1 as well as indirect emissions from imported energy such as electricity and heat (Scope 2). We also track and account for all significant indirect emissions in Scope 3 using the cradle-to-gate approach.

In addition to the reference gas carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃) were also included in the calculation as CO₂ equivalents (CO₂e). We again selected FY 2018/19 as the baseline year (BY) for this purpose.

In FY 2021/22, our CCF was roughly on par with the BY, with Scope 3 emissions continuing to account for over 90 percent of total emissions. In addition to a noticeable reduction in Scope 1, we were able to further reduce Scope 2 emissions particularly by increasing the use of renewable energy sources for electricity and heat. After falling in 2020/21, the values in Scope 3 rose again by 40,000 tons of CO₂e in FY 2021/2022. These fluctuations are very much influenced by the quantity of produced materials.

Corporate carbon footprint (CCF)

| CO₂e EMISSIONS (in t) ¹ | 2021/22 | 2020/21 | 2018/19 (Baseline Year) |
|---|------------------|------------------|-----------------------------------|
| Scope 1 | 56,794 | 61,964 | 61,617 |
| Scope 2 (location-based) | 57,222 | 48,292 | 63,463 |
| Scope 2 (market-based) ² | 23,886 | 31,318 | 37,504 |
| Scope 3³ | 1,372,681 | 1,337,117 | 1,353,759 |
| Total⁴ (location-based) | 1,486,697 | 1,447,373 | 1,478,839 |
| Total⁴ (market-based) | 1,453,361 | 1,430,398 | 1,452,880 |

Greenhouse gas intensity at the product level fell slightly compared to the previous year, but at 2.772 tons of CO₂e per ton produced, it remains slightly above the BY value. As described in the Energy intensity section, this is due to the product mix.

¹ The latest publications from the German Environment Agency (abbreviated UBA in German), the German Association of Energy and Water Industries (abbreviated BDEW in German), ecocockpit and EcoTransIT, as well as information from our suppliers, were used as the sources for the emission factors.

² Market-based figures are calculated on the basis of specific information provided by our energy suppliers.

³ Scope 3 emissions comprise the following categories in accordance with the cradle-to-gate approach and the principle of materiality: purchased goods and services, upstream transportation (only for PCF), and sales. The emissions figures and factors come from our raw material suppliers and the World Steel Association.

⁴ The CCF and PCF each take into account data for the production of cold rolled steel strip, profiles, and electrical steel strip at all German production sites (Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede) as well as the supporting corporate functions of C.D. Wälzholz GmbH & Co. KG at the location in Hagen, Germany. Greenhouse gas intensity was calculated on the basis of emissions from Scopes 1 – 3.

Greenhouse gas intensity (PCF)

| CO₂e EMISSIONS (in t)/production quantity (in t) ¹ | 2021/22 | 2020/21 | 2018/19 (Baseline Year) |
|--|----------------|----------------|-----------------------------------|
| Scope 1 | 0.093 | 0.095 | 0.088 |
| Scope 2 (location-based) | 0.070 | 0.082 | 0.090 |
| Scope 2 (market-based) ² | 0.042 | 0.050 | 0.055 |
| Scope 3³ | 2.637 | 2.628 | 2.602 |
| Total⁴ (location-based) | 2.800 | 2.805 | 2.780 |
| Total⁴ (market-based) | 2.772 | 2.773 | 2.745 |

By 2025, we want to establish our certified calculation methodology for CCF and PCF as a global accounting standard across the Waelzholz Group and also report a transparent greenhouse gas footprint for our company locations in Brazil and China.

¹ The latest publications from the German Environment Agency (abbreviated UBA in German), the German Association of Energy and Water Industries (abbreviated BDEW in German), ecocockpit and EcoTransIT, as well as information from our suppliers, were used as the sources for the emission factors.

² Market-based figures are calculated on the basis of specific information provided by our energy suppliers.

³ Scope 3 emissions comprise the following categories in accordance with the cradle-to-gate approach and the principle of materiality: purchased goods and services, upstream transportation (only for PCF), and sales. The emissions figures and factors come from our raw material suppliers and the World Steel Association.

⁴ The CCF and PCF each take into account data for the production of cold rolled steel strip, profiles, and electrical steel strip at all German production sites (Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede) as well as the supporting corporate functions of C.D. Wälzholz GmbH & Co. KG at the location in Hagen, Germany. Greenhouse gas intensity was calculated on the basis of emissions from Scopes 1 – 3.

Climate roadmap

On the road to climate neutrality by 2045

In FY 2022/23, we integrated our existing concrete climate roadmap, in which we define detailed reduction targets for achieving climate neutrality by 2045, into our ESG strategy.

As interim targets, we are aiming for the following reductions by FY 2030/31:

- CCF by 30 percent CO₂e
- PCF in Scope 1 and 2
by 45 percent to 79 kg CO₂e/t
- PCF in Scope 3 by 30 percent
from 2,602 to 1,821 kg CO₂e/t

We also intend to extend our greenhouse gas reduction roadmap to our international locations by FY 2025/26 in parallel with our GHG accounting approach.



0 CO₂
2045

Risks and opportunities due to climate change

We analyzed the current and potential effects of climate change on our company in a separate risk and opportunity assessment. We then developed and implemented measures to meet the corresponding requirements.

Risk 1:

Dependence on Scope 3 emission values

Our customers' requirements with regard to CO₂e emissions are developing at an unprecedented pace due to new regulations and legislation.

In the sales process, CO₂e emissions values are becoming increasingly relevant to the awarding of contracts. The Scope 3 emissions that are generated in the upstream production chain by the steel manufacturers that supply us create a link between the strategies of the steel industry and our Scope 3 strategy. This means that we will only achieve our reduction targets for Scope 3 emissions if the additional costs in this regard can be passed on in the value chain. To this end, we already track all carbon emissions using the cradle-to-gate approach with our certified calculation methodology.

In addition, we strive for long-term supply relationships with our suppliers in order to secure raw materials with reduced carbon footprints in the long term and reduce the impact of Scope 3 emissions.

Risk 2:

Economic change

As a result of societal transformation, new trends in customer behavior, and new regulatory requirements, entire industries are facing changes. This can have an impact on the demand for certain product applications. One example is the mobility sector and the politically desired switch from internal combustion engines to electric motors. This could result in revenue declines in the low double-digit percentage range.

We are responding to this by making strategic investments, for example by expanding electrical steel strip production and developing new product applications as well as entering new markets together with our customers through technical innovations.

Risk 3:

Global warming and extreme weather events

The changing climate conditions are already being accompanied by an increase in extreme weather events such as storms, heavy rainfall, droughts, and heat waves – a trend that, according to scientific findings, will continue to intensify over the coming years and decades. As a result, there is a risk of damage to infrastructure and production facilities, supply chain disruptions, and the loss of ecosystems.

The devastating flooding in Hagen, Germany, in 2021 demonstrated that we, too, can be directly affected by such events. In this case, we were able to repair our own damage and secure jobs through pragmatic and mutual action to help each other.

The maximum financial risks in this context are, in principle, almost impossible to quantify. We are insured against direct damage, however. We have also installed high-performance drainage pumps in potentially high-risk areas of our factories in the event of heavy rainfall and flooding.

Risk 4:

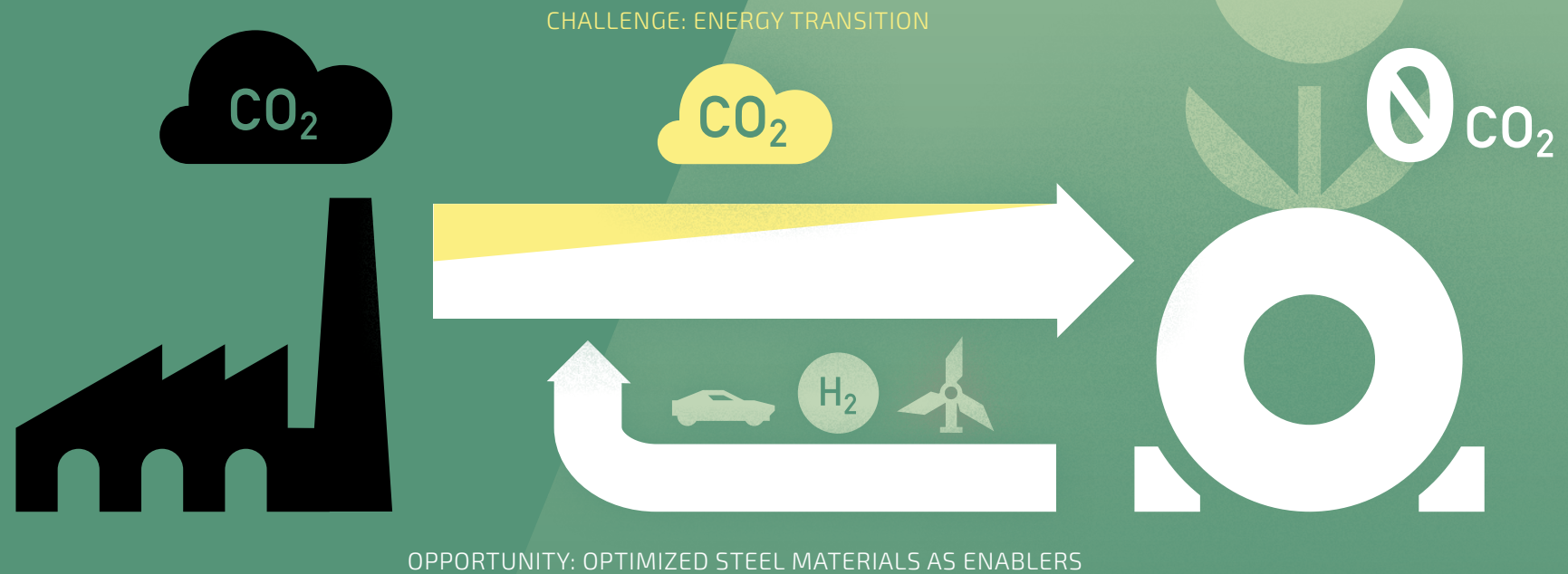
Additional cost factors

As a result of decarbonization, we expect significant cost increases in the procurement of materials and the distribution of our products. Additional financing requirements will arise in the inventory types of raw materials, semifinished materials, finished materials, and receivables, which will be further exacerbated by the current interest rate level. In addition, increased emission values could lead to poorer rating results and lending terms. Overall, we therefore anticipate noticeable increases in our total costs.

To counteract this, we had the calculation methodology of our own CO₂e footprint verified in 2022 and developed a climate roadmap for the targeted reduction of greenhouse gas emissions with the help of an internal task force.



TRANSFORMING CHALLENGES INTO OPPORTUNITIES



Opportunity 1:
Certified carbon accounting
and ambitious climate strategy

Our pioneering role in certified carbon accounting and our ambitious roadmap for reducing harmful greenhouse gases will allow us to benefit financially. For example, transparently communicating our CCF and PCF and distributing products with reduced emissions to our customers can bring us additional orders and market share.

Opportunity 2:
Research and development

Continuously enhancing our product portfolio strengthens the resilience of our company. These portfolio adjustments across all product groups focus primarily on the transformation fields of energy generation and distribution as well as mobility. This will strengthen our market position, reduce our dependence on the combustion engine market, and unlock financial benefits on a relevant scale.



Our initiatives for a climate-neutral future

We are embracing our responsibility to play an active role in shaping the transformation process toward a carbon-neutral future. As part of our ESG strategy, we have formulated the goal of gradually reducing our carbon emissions. The strategic measures we are implementing to this end include analyzing emissions at all stages of our production chain in order to subsequently identify specific reduction potential. Furthermore, we are exploiting technical and commercial opportunities and using our innovative strength to reduce emissions as much as possible during our transition to complete climate neutrality.

Hydrogen instead of natural gas

From today's perspective, we will only be able to achieve the complete climate neutrality of our energy-intensive production processes if green hydrogen and green electricity are available in sufficient quantities. Even if a large-scale supply of hydrogen at our sites is not yet foreseeable, we are already taking technical steps to prepare for a potential changeover.

For example, we have already successfully tested modern H₂ burners in continuous operation in one of our facilities and would already be technologically capable of at least partially replacing natural gas with hydrogen in the production of our material. Due to the considerable amounts of energy we need for our manufacturing processes, however, the only way to obtain a sufficient supply of hydrogen is by connecting to a pipeline-based infrastructure. This is why we are working hard at the political level and with energy suppliers to establish infrastructure solutions (including with international connections) as quickly as possible. Under the assumption that we achieve this, our goal is to become climate neutral by 2045.

Green electricity

Our commitment to sustainability is also reflected in numerous other initiatives – from solar power systems and LED lighting in the production halls and warehouses to heat recovery from our heat treatment plants. We make it a priority to invest in energy-saving measures across all business areas of our company.

In FY 2022/23, we were already able to cover 40 percent of our own electricity requirements from renewable energy sources. In this context, we focus on long-term relationships with our local energy suppliers and only use electricity in structured energy bands and with qualified guarantees of origin. By switching completely to an electricity supply from renewable sources, our aim is to make our Scope 2 emissions CO₂e-neutral by 2030 at the latest.



Focus on the value chain

At more than 90 percent, CO₂e emissions from the upstream value chain (Scope 3) account for the majority of our carbon footprint. Consequently, measures to reduce Scope 3 emissions also have by far the greatest potential. We are responding to this with strategic procurement measures that focus on the possibilities of switching to steel products with either low or zero carbon emissions, both nationally and internationally.

In line with European steel mills' roadmaps, we aim to reduce our CCF by 30 percent by 2030 and achieve CO₂e neutrality by 2045. Accordingly, we are working closely with these crude steel suppliers and have already signed letters of intent and partnership agreements for the earliest possible delivery.

In addition, we also offer our customers comprehensive advice on avoiding CO₂e emissions. This is based on our validated PCF, which takes individual account of the materials used and the various process and finishing steps. With our digital, fully automated PCF system, we can work with customers to select materials and products that minimize their CO₂e footprint in line with their own objectives. In addition, our advice may reveal that an alternative material we recommend has a larger carbon footprint in our production compared to the traditionally used grade, but enables lower emissions overall when taking into account the customer's own manufacturing processes. Hardened and tempered materials are one such example. Although they have higher carbon emissions values than materials that have not been hardened and tempered, they save our customers energy during further processing – in particular by eliminating the need for energy-intensive piece hardening.



Steel to Zero podcast

Since FY 2022/23, Waelzholz has been addressing how CO₂e emissions can be reduced as quickly as possible throughout the steel industry in its own sustainability podcast entitled Steel to Zero: How steel will go green. In this podcast, we speak with experts from the industry about the potential of transparent climate accounting, the challenges of complex value chains, and the role of steel in a sustainable economy.





CIRCULARITY

Resource conservation and circular economy

Waelzholz also benefits from its ISO 14001-certified environmental management system in connection with the circular economy and resource conservation. In line with our ESG strategy, we have resolved to structure all production and administrative processes in such a way that resources are conserved, used efficiently, and kept circulating within material cycles.

While we do not currently recycle any raw materials ourselves, we primarily use steel produced via the blast furnace route for our products, which usually contains between 15 and 20 percent scrap. In addition, we aim to minimize the negative environmental impact caused by the use of resources and the corresponding amount of waste generated.



Waste management

We always endeavor to ensure that our production processes generate as little waste as possible, we strictly adhere to legal requirements governing waste disposal, and we work exclusively with certified waste disposal companies. In accordance with section 59 of Germany's Circular Economy Act (abbreviated KrWG in German), we have also appointed an internal Waste Management Officer who reports to our Executive Board on an annual basis.

Waste regulations

The waste generated by the production lines in our factories is regularly checked and properly separated. Waste is categorized in accordance with Germany's List of Waste Ordinance (abbreviated AVV in German) and data on all waste (except scrap) is tracked using the digital waste recordkeeping procedure (abbreviated eANV in German). The processes used to dispose of hazardous waste are classified in accordance with Annex 1 of Germany's Circular Economy Act. Over 99 percent of all generated waste is separated in accordance with Germany's Commercial Waste Ordinance (abbreviated GewAbfV in German). An expert was able to certify the required 90/10 ratio for our German production sites. This means that commercial municipal waste can be directly fed into the thermal recycling process without the need for any prior processing.

Internal control mechanisms

We regularly inform our employees about how to use waste containers properly and the importance of separating different types of waste. We also continuously review our internal waste management processes as part of internal audits and inspection rounds with the Hazardous Goods Officer. Any deficiencies identified are immediately discussed with the individuals responsible and are included in their monitoring matrix and audit reports.

No violations of laws, regulations, and/or rules in the field of waste management were identified for the current 2022/23 reporting period. We regularly review the validity of our disposal companies' certifications that they are required to possess pursuant to Germany's Specialist Waste Management Companies Ordinance (abbreviated EfbV in German) – as was the case in the 2022/23 fiscal year (FY). The current certificates can be viewed on the websites of the respective disposal companies. None of the waste disposal companies' certificates were either not renewed or expired in FY 2022/23. We received all the necessary documentation from the waste disposal companies that the waste directed to disposal was disposed of properly.





Waste by composition

The main waste products generated during our production processes are scrap, used acid, used emulsion, lead dross, and phosphate sludge. The key waste figures are documented by calendar year and only encompass the German production sites within the scope of this report. While the absolute quantities of pickling agents and used acid have increased compared to the previous year, the total quantity of waste without acid and the ratios of waste per production quantity and used acid per production quantity have fallen noticeably.

| KEY WASTE FIGURES | 2022 | 2021 | 2020 |
|--|--------|--------|--------|
| Waste quantity | | | |
| in t ¹ | | | |
| Directed to disposal | 991 | 1,020 | 473 |
| Diverted from disposal | 16,502 | 18,808 | 15,932 |
| • Used acid | 13,872 | 14,895 | 12,125 |
| Total waste | | | |
| (w/o acid) in t | 3,621 | 3,913 | 4,280 |
| Waste/production quantity | | | |
| (w/o acid) in kg/t | 7.26 | 7.30 | 9.35 |
| Share used acid/production quantity | | | |
| in kg/t | 34.54 | 34.51 | 36.31 |
| Share diverted from disposal | | | |
| in % | 94.3 | 94.9 | 97.1 |

¹ The data encompasses the German production sites Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.



Material management

In the interests of resource conservation and the circular economy, we have set ourselves the goal of steadily increasing the percentage of reusable and recycled materials as part of our ESG strategy. To this end, our CIP team works closely with our customers to optimize individual packaging solutions, for example.

The current key figures on the packaging materials we use are from FY 2021/22. In this context, a total of nearly 4,800 tons of material was used at our German locations. At more than 2,300 tons, wooden pallets accounted for the largest share by far. These pallets can generally be used multiple times and had a return rate of 44 percent in FY 2021/22.

In addition, in line with our ESG strategy, we want to reduce the general consumption of materials and the amount of scrap we produce from day-to-day operations in order to protect the environment and simultaneously conserve financial resources. We have also initiated internal continuous improvement processes to address the issue of resource efficiency. For example, we regularly review shipping and production processes for optimization potential and have already developed a digital solution that helps us track this potential in a structured way and prioritize our list of related measures.

| PACKAGING MATERIALS ¹ | 2021/2022 |
|-------------------------------------|------------------|
| in kg | |
| Paper | 54,228 |
| (VCI and crepe) | |
| Plastic | 139,424 |
| PE paper and film | 111,727 |
| Plastic blanks and twin-wall sheets | 13,425 |
| Plastic edge protectors | 6,558 |
| Plastic packing tape | 5,748 |
| PE mesh fabric | 1,966 |
| Wood | 3,437,093 |
| Pallets | 2,340,585 |
| Wooden spacers | 510,787 |
| Crates | 229,974 |
| Hard fiber | 183,779 |
| Long sleds | 171,968 |
| Metal | 1,164,143 |
| Steel packing tape | 1,076,278 |
| Fully galvanized edge protection | 87,748 |
| Total | 4,794,888 |

¹ The key figures for packaging materials encompass the German productions sites Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.

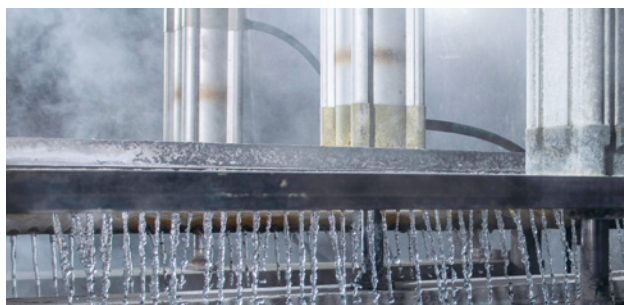


WATER MANAGEMENT

Responsible water management

At Waelzholz, we place a high priority on the careful use of fresh water, especially in light of the also increasing scarcity of this natural resource in Germany. As part of our ESG strategy, we have therefore formulated the overarching goal in the area of water management of reducing fresh water withdrawal overall. To this end, we want to identify all areas of potential and implement targeted measures that lead to a reduction in our water consumption, our fresh water withdrawal, and the necessary water treatment. The annual audit reports on the ISO 14001 certification of our environmental management system serve as an important indicator in this regard.

In addition, our water management activities ensure that we operate in full compliance with all regulatory requirements. As a result, our water consumption does not have a significant negative impact on the environment. Accordingly, no environmental incidents involving water-polluting substances occurred in the 2022/23 fiscal year (FY).



Water withdrawal and discharge

We primarily use water for cooling purposes, for rolling emulsion, and for neutralization purposes after the pickling process. Water withdrawal takes place at the production sites Hagen Fley-Nord, Hagen Hohenlimburg, and Plettenberg (all three in Germany) via the company's own wells. At the Oberkochen site (also in Germany), water is withdrawn from the Black Kocher, a source river of the Kocher. All water is withdrawn with the appropriate permits and in strict compliance with official requirements.

Water discharge

We discharge wastewater into sewer systems and drainage networks. All discharges are monitored and analyzed externally in accordance with official requirements. After we have used the water for cooling purposes, for rolling emulsion, or for neutralization, the water undergoes neutralization and deferrization in our own waste water treatment plants in accordance with the requirements of public waste water regulations before it is discharged or, if necessary, reused. We constantly monitor this process – including documentation and reporting the results to the responsible local authorities. In the process, we continuously measure wastewater quantities using calibrated water meters.

Water consumption

At Waelzholz, key water figures are collected per calendar year (CY) and are currently available for 2022. Compared to 2021, we were able to reduce the amount of water consumed which we withdrew ourselves (in absolute terms), the amount of municipal water consumed (in absolute terms), and the specific amount of water consumed per ton of production output. Similarly, our direct and indirect wastewater volumes and the specific wastewater volumes per ton of production output also fell compared to the previous year.

| KEY FIGURES FOR WATER AND WASTEWATER ¹ | UNIT | CY 2022 | CY 2021 |
|--|-------------------|---------|---------|
| Raw water use (own withdrawal) | m ³ | 257,493 | 267,175 |
| Municipal water use | m ³ | 206,819 | 208,026 |
| Total water use | m ³ | 464,312 | 475,201 |
| Water/production volume | m ³ /t | 0,87 | 0,93 |
| Water discharge, direct | m ³ | 199,259 | 210,748 |
| Water discharge, indirect | m ³ | 144,399 | 146,448 |
| Total water discharge | m ³ | 343,658 | 357,196 |
| Water discharge/ production quantity | m ³ /t | 0.642 | 0.697 |

¹ Water consumption figures encompass the German production sites Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen and Plettenberg. At the production site in Wickede, Waelzholz is a registered tenant and not the official discharger.

Improvement measures

In the current FY 2022/23, the separation of the factory water network from the rainwater network at the Halden site in Hagen, Germany, among other measures, led to a significant reduction in water consumption compared to previous years. In addition, we were able to reduce and stabilize emulsion consumption in relation to throughput tonnage at the production sites in Halden and Fley-Nord (also in Hagen, Germany). In Halden, we also converted a cooling system from water to air cooling during the reporting period.

Potential for improving wastewater treatment, particularly with regard to oil leaks, was identified during an inspection by the Water Protection Officer at the Halden site in spring 2023. A total of 11 deviations were identified during the inspection. At the same time, the report by the Water Protection Officer highlighted a significant improvement in how water-polluting substances are handled, for example through a new mill assembly area and new oil drip pans.



ENVIRONMENTAL PROTECTION

International standards and sustainable practices

Taking environmental protection into account has always been a key component of Waelzholz's quality standards. The focus in this context is primarily on reducing air pollution caused by our production processes and promoting and using clean production technologies. In doing so, we are always guided by international standards in the sense of self-evident framework conditions, which we actively help shape through specialist committees and implement in a targeted manner. For example, thermal afterburning to neutralize air pollutants or the postponement of construction projects to protect rare animal species are both a matter of course for us.

Such processes are complemented by our structured environmental and energy management system, which was developed and certified in accordance with the requirements of ISO 14001 and ISO 50001. The Waelzholz Group's Environmental Management Officer is responsible for ensuring that we meet the requirements of ISO 14001 every year without exception. Furthermore, he identifies potential and actual environmental problems, proposes improvement measures, and monitors their implementation. The Environmental Management Officer reports all of this to the Executive Board.

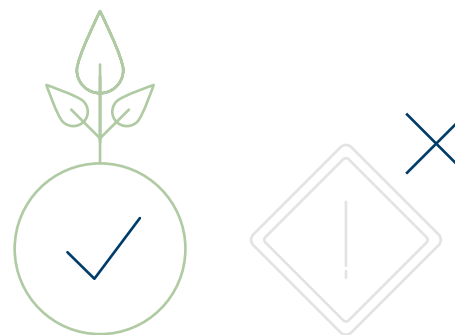
As a further element of our ESG strategy, in the future we want to subject our products to an impact assessment with regard to relevant environmental indicators such as air pollutant emissions (i.e., NOX emissions) and ecosystem quality as part of a cradle-to-gate analysis.



Audits and inspections

We carry out annual internal audits of the environmental and energy management system and document these comprehensively. Deviations are reported to those responsible so that improvement measures can be developed and implemented immediately.

Our customers have not yet conducted any audits of our environmental or energy management system. The last recertification audit of the environmental management system in accordance with ISO 14001 was carried out by LRQA in fall 2021. This revealed two minor deviations, for which root cause analyses have already been carried out and corrective measures have been developed and implemented.



An environmental inspection was carried out at the production sites Halden and Fley-Nord (both in Hagen, Germany) in 2021. No environmentally relevant shortcomings were identified during either inspection. In addition, no reportable incidents involving a hazardous substance occurred in the 2022/23 fiscal year (FY).

Air pollution

Chlorofluorocarbons (CFCs) are used in air conditioning systems and air conditioners. Due to their harmful effects on the ozone layer and the greenhouse effect, the use of these substances must be severely restricted. These emissions are, however, of little relevance compared to total emissions (see section on energy and climate action).

In addition to CO₂, we also emit other substances into the air during our production processes. This primarily includes carbon monoxide (CO), nitrogen dioxide (NO₂), sulfur dioxide (SO₂), dust, organic substances (indicated as C), hydrogen chloride (HCl), and nickel (Ni). In FY 2022/23, emissions of the exhaust gas nitrogen dioxide accounted for the largest share, at 98,031 kilograms. In contrast, nickel emissions stood significantly lower (6 kilograms).

| EMISSIONS INTO THE AIR ¹ | TOTAL MAX. |
|-------------------------------------|------------|
| 2022/23 fiscal year | in kg |
| CO | 6,866 |
| NO ₂ | 98,031 |
| SO ₂ | 2,311 |
| Dust | 3,136 |
| Total C | 20,758 |
| HCl | 1,586 |
| Ni | 6 |

¹ The key figures for emissions into the air encompass the German production sites Nord, Süd, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.



PEOPLE
AND SOCIETY

APPROPRIATE WORKING CONDITIONS

Social responsibility for our workforce

Our employees are the driving force behind our family-owned company's many years of success. Accordingly, the satisfaction and individual well-being of all employees throughout the Waelzholz Group is extremely important to us.

Employees

At the end of the 2022/23 fiscal year (FY), the Waelzholz Group had 2,315 employees at 13 locations in Europe, Asia, and North and South America. Of this total, approximately 80 percent were employed at the German locations. While we are proud of our German roots, we are equally proud that people of over 30 different nationalities work for us worldwide and bring cultural diversity to our company.

Over 95 percent of all employment contracts at Waelzholz are permanent, which provides both the employee and us as an employer with the ability to plan reliably for the long term. In the 2022/23 reporting year, Waelzholz also added 106 new employees across all locations. Of the newly hired employees, just over half (54 percent) are employed in production areas and a quarter (25 percent) are female. The percentage of female employees in administrative positions stands at 33.6 percent, while in the overall workforce it remains just over 10 percent.



Key employee figures for the 2022/23 fiscal year

| | GERMANY | AUSTRIA | ITALY | CHINA | USA | BRAZIL | TOTAL |
|-----------------------------|---------|---------|-------|-------|-----|--------|--------------|
| Employees | 1638 | 31 | 17 | 186 | 20 | 423 | 2,315 |
| Production | 1229 | 21 | 11 | 108 | 10 | 266 | 1,645 |
| • Female | 16 | 4 | 0 | 0 | 0 | 0 | 20 |
| • Temporary | 77 | 0 | 0 | 0 | 0 | 0 | 77 |
| • Part time | 8 | 1 | 0 | 0 | 0 | 0 | 9 |
| Administration | 409 | 10 | 6 | 78 | 10 | 157 | 670 |
| • Female | 127 | 3 | 3 | 43 | 3 | 46 | 225 |
| • Temporary | 5 | 0 | 0 | 12 | 0 | 0 | 17 |
| • Part time | 53 | 1 | 0 | 0 | 1 | 0 | 55 |
| New hires | 42 | 2 | 1 | 2 | 3 | 56 | 106 |
| Production | 24 | 1 | 1 | 0 | 2 | 30 | 58 |
| • Female | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| • Temporary | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Administration | 18 | 1 | 0 | 2 | 1 | 26 | 48 |
| • Female | 9 | 1 | 0 | 0 | 0 | 15 | 25 |
| • Temporary | 2 | 1 | 0 | 2 | 0 | 0 | 5 |
| Age distribution | | | | | | | |
| Employees under 30 | 290 | 10 | 3 | 16 | 5 | 69 | 393 |
| Employees between 30 and 50 | 710 | 12 | 9 | 161 | 7 | 296 | 1,195 |
| Employees over 50 | 735 | 9 | 5 | 9 | 8 | 58 | 824 |



Employee satisfaction

We have already developed and implemented numerous measures to maintain employee satisfaction. Nevertheless, we are determined to continue making continuous improvements in this area.

The low employee turnover rate of just 1.8 percent across the entire Waelzholz Group (FY 2022/23) demonstrates that our employees enjoy working at Waelzholz. As part of our ESG strategy, we have set ourselves the goal of determining the average length of employment as a measurable indicator of general employee satisfaction from FY 2023/24 onwards, in addition to the employee turnover rate. From that point on, we will track both figures annually and compare them with the relevant competition's threshold levels. We will then use this data to set appropriate target values, taking local conditions and company-specific requirements into account. For example, we strive for a low turnover rate, but at the same time are convinced that a certain amount of change in the workforce always brings with it new ideas and perspectives.

In order to further increase satisfaction in the future, Waelzholz regularly trains managers on topics such as employee management, communication, and collaboration methods. We also offer our employees bonus payments, childcare during school vacations, company social work, and subsidized lunches, for example. We also consider a healthy work-life balance to be an important element of our employees' high performance and motivation.

Beginning in the coming FY, we will be identifying further specific areas for improvement in a structured manner through regular feedback meetings with individual employees and all-hands meetings. In addition, we offer employees the opportunity to engage in constructive discussions with the Executive Board and the Head of HR at regular intervals within the scope of the "Waelzholz Dialog" format.

Reasonable working hours

Wherever possible, Waelzholz already uses flexible work schedules and offers its employees flexible and hybrid workspace solutions. For example, all employees who can and wish to carry out their work from outside our premises have the opportunity to work remotely for up to two days per week.

Work at our factories is generally structured in shifts. In close collaboration with the employee representatives, we are constantly working to create balanced, healthy working arrangements – including to ensure that employees can compensate for the strain of shift work in the best possible way.

Collectively negotiated wages and fair compensation

Compensation plays an important role in the employment relationship. Regardless of their location, employees should be able to earn a living through their work at Waelzholz. This is why we are a member of the employers' association in Germany and, as a company bound by collective agreements, pay above-average salaries. In this context, compensation paid to 100 percent of our industrial employees at our German locations is governed by collective agreements. Among the workforce as a whole, the rate is over 70 percent.

Annual leave and weekly working hours also meet high, collectively negotiated standards. Additional payments such as leave and Christmas bonuses also give employees additional financial leeway, while correct and punctual monthly payroll accounting creates mutual trust.

Waelzholz lives and breathes the concept of a family business and also offers attractive compensation for jobs at its foreign subsidiaries.

Financial security

Waelzholz has been subsidizing its employees' pension plans for many years – for example in the form of the "MetallRente" (MetalPension). In addition, an occupational disability pension subsidized by Waelzholz protects employees from financial hardship in the event of possible absences due to illness. We also offer individual partial retirement models to ensure that employees can enjoy a smooth and seamless transition into retirement.

Furthermore, at our international locations we create offers geared toward our employees' financial security that go beyond the local legal requirements. For example, employees in the United States and Brazil receive additional health insurance benefits that also include their family members.



Health care

In addition to reasonable working hours, fair compensation, and financial security, the health and well-being of our employees is extremely important to us. To this end, we have developed various initiatives and measures to actively support our employees with preventive health care. In Germany, for example, all employees can lease a bicycle for their commute to work at a reduced rate via the "JobRad" program and benefit from tax incentives. At the end of the lease term, they can then purchase the bike at a reasonable price. We also regularly organize athletic events such as tennis tournaments and company runs. These enhance both physical fitness and the sense of team spirit within the workforce.

Waelzholz also offers free health check-ups, skin cancer screenings, mobility tests, and much more. Through close collaboration with the company medical center, we can also offer employees qualified and individual assistance in health matters.

In this context, the company physician performs the following tasks at our company:

- Inclusion of occupational health expertise when assessing and designing working conditions
- General occupational health consultations for employees
- Preventive occupational health services
- Other preventive occupational health measures such as rehabilitation and reintegration

The Brazilian subsidiary also employs its own company physician who is responsible for health and occupational safety at the workplace. At the Chinese site, a great deal of emphasis is placed on healthy eating. Accordingly, we offer our employees high-quality catering there.

Occupational health and safety

The safety and health of our employees and third parties in our sphere of responsibility are one of our top priorities. Our goal is to completely prevent any and all injuries and adverse health effects. To achieve this, we work carefully and strictly adhere to all legal requirements and regulations. This also applies to our international locations, where we are always guided by the high standards that apply in Germany.

Occupational health and safety is strictly monitored in all operational processes and is based on clearly organized structures. Individually assessing working conditions is the key tool we use to identify hazards in operational activities and take preventive protective measures. Various interest groups are involved in this process, which ensures that measures are accepted and tailored to requirements. Decision-makers and relevant occupational health and safety specialists communicate regularly as part of a network with the aim of continuously enhancing occupational health and safety and introducing preventive measures.

Ultimately, however, it remains the duty of all those involved to actively support measures to prevent accidents at work, occupational illnesses, and other work-related health risks in accordance with our general safety training.

Occupational health and safety training

We invest in building and maintaining our employees' knowledge and skills through briefings and training. After all, knowledge breeds safety, which is why regular and understandable briefings are so important to us. The workspace and job-related content of these briefings is based on the assessment of the respective working conditions. Waelzholz specifically promotes managers' ability and willingness to act when it comes to health and safety through needs-based training. In addition, this creates opportunities to effectively integrate occupational health and safety into operational processes.

Supervisors track the training courses completed by each of their employees in our system. This allows us to maintain an overview at all times and ensure that every employee receives regular training. If an employee changes jobs, is newly hired, or if the training content changes, an additional safety briefing is carried out. Occupational health and safety training is free of charge and takes place during working hours. Its effectiveness is monitored through direct feedback, the evaluation of work results, internal audits, and inspections.





Special protection of the workforce – including in the supply chain

At our facilities, we reduce physical burdens where they can occur, for example by providing lifting aids or using robotics. In areas where it is necessary, we also provide our employees with appropriate work clothing (work jackets, shirts, pants, gloves, etc.) and cover the cost of cleaning them. In addition, safety glasses with prescription lenses, safety shoes, and cut protection are provided at all locations worldwide.

We are particularly careful to ensure compliance with the stricter laws applicable to those under our protection (i.e., underage trainees). This applies, for example, to compliance with the rules governing breaks and rest periods, the ban on night work, and not having these employees work on weekends. The use of student interns is also subject to particularly careful observation.

Since these young employees are still in the process of learning, it goes without saying that they are not allowed to carry out any activities that pose a potential danger to them.

As stipulated in our internal Code of Conduct, our Code of Conduct (CoC) for Suppliers also states that we expect a safe and healthy working environment for employees throughout the entire supply chain.

Work-related injuries

In FY 2022/23, our entire workforce worked a total of 3,757,983 hours. During this period, the rate of documentable work-related injuries stood at 16.0. The most common types of work-related injuries included cuts, bruises, contusions, sprains, and strains. There were a total of two work-related accidents with serious consequences.

When it comes to preventing accidents at work, the following applies to the entire Waelzholz Group: every accident is one too many. Our aim, therefore, is to prevent all work-related accidents. This is why we investigate and draw conclusions from incidents that have occurred in order to continuously improve our preventive measures. As part of this analysis, information is evaluated to determine the cause of the accident in order to implement effective protective measures. We view every work-related accident as a reason to go through the process of assessing working conditions again.



TRAINING AND SKILLS DEVELOPMENT

Waelzholz as a company that offers training

Specifically fostering young people's development is of central importance to Waelzholz. This is because they contribute fresh ideas and innovative perspectives, thereby helping to positively shape the future of the company. Through specific measures and partnership formats, we help our young talents on their career path and offer them the opportunity to develop their skills and grow personally with us.

To this end, we launched a program for young people starting their careers over 20 years ago, which includes vocational training programs in a variety of fields, part-time degree courses (i.e., cooperative education programs), and support for university students writing their final theses.

This range of opportunities is offered to young employees from all fields of study at our German locations. In this context, traditional course content is supplemented by in-house training courses focused on our steel products. During our IT week, for example, vocational trainees used robotics kits to build, program, and bring a miniature cold rolling line into operation.

Right from the start, we make sure that our trainees feel at home at our company and become familiar with all aspects of Waelzholz. A three-day introductory seminar is offered as part of the onboarding process, during which we provide information on all aspects of vocational and advanced training as well as topics such as occupational safety and the company's own core brand values.



Youth and trainee representatives

A full-time training supervisor is available to trainees throughout the entire training period to answer questions and help with other matters. There are also youth and trainee representatives who represent the interests of all trainees and young employees who have not yet reached the age of 25. The youth and trainee representatives work together with the works council and the trade union and serve as a point of contact for suggestions and complaints.



Collaborations with educational partners

Together with the South Westphalian Chamber of Industry and Commerce (abbreviated SIHK in German) in Hagen, Germany, Waelzholz initiated what is known as Tec-Day, which has been an integral part of our vocational and advanced training program since 2014. During this event, students can work on smaller technical challenges. Another project is the Management Working Group (abbreviated Management AG in German), in which twelfth-grade students become familiar with career areas at various local companies and thereby gain inspiration for their later career choices.

At the Brazilian site, Waelzholz works closely with the German-Brazilian Humboldt School and also promotes the cooperative education system in South America. An integral component for the Brazilian trainees is their close collaboration with the company's headquarters in Hagen, Germany, which is often further intensified through a visit to Germany. This not only enhances their professional training, but also their foreign language skills and promotes cultural exchange.

Advanced training for our employees

Systematic employee development plays an important role in the success of the entire company. A strong team, continuous training, and professional development lay the foundation for our ability to remain competitive over the long term. Every employee, regardless of age or imminent retirement, can benefit from our range of advanced training opportunities.

In addition to promoting numerous external advanced training opportunities such as the master craftsman school, technician training, technical seminar series, language courses, or part-time degree courses, we also offer in-house training. These include, for example, management development programs.



When it comes to training employees at the various management levels, a shared understanding of values is extremely important to us. The young employees from all areas are trained in the company's own JUMP program (Junior Management Program) over several modules and projects and form a collaborative internal network. When working on projects on specific topics, experienced managers also take on the role of mentors in order to pass on their many years of expertise.



Furthermore, the digital Waelzholz Campus hosts events on numerous topics – from time management and remote work to office organization. Our goal is to continuously improve our vocational and advanced training programs. To this end, we also intend to continuously expand the Waelzholz Campus over the coming years.

| VOCATIONAL TRAINEES | GERMANY | BRAZIL | AUSTRIA | TOTAL |
|--------------------------|---------|--------|---------|-------|
| as of June 30, 2023 | | | | |
| Total | 97 | 15 | 1 | 113 |
| In technical professions | 79 | 0 | 1 | 80 |
| Female | 2 | 0 | 1 | 3 |
| In business professions | 18 | 15 | 0 | 33 |
| Female | 7 | 10 | 0 | 17 |

Performance reviews

Development and feedback processes not only promote our employees' personal development, but also provide crucial input for insightful and respectful management practices. For this reason, performance reviews are held at least once a year between employees and their supervisors.

These discussions include assessing employees' general satisfaction, evaluating their performance, looking at their career path, and defining individual development goals and training measures. Every employee at the German locations and the Austrian site received structured feedback in the 2022/23 fiscal year (FY). In Brazil, this figure stood at 32 percent of the workforce.



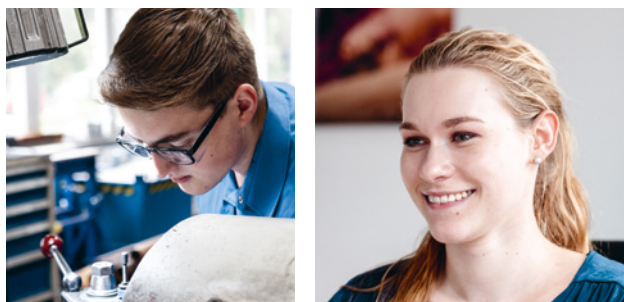


DIVERSITY AND EQUAL OPPORTUNITIES

Increasing diversity

We are committed to securing jobs at our company over the long term. To achieve this, we want to create an appreciative and creative environment in which – through individual success and its recognition – all employees of the Waelzholz Group experience working for us as a pleasure. This is only possible, however, if discrimination of any kind in the workplace can be completely eliminated.

To this end, we strive to ensure that all of our employees enjoy equal rights and opportunities, regardless of their gender, age, skin color, nationality, origin, sexual orientation, religion, or disability. In this context, the focus is on respectful and tolerant interactions with one another. We do not tolerate discrimination against employees, customers, contractors, and suppliers in any way.



Nondiscrimination

Our Code of Conduct (CoC) contains clear rules on nondiscrimination, behavior guidelines, values, and standards. Employees and third parties can report any violations through our whistleblowing system or directly to the Waelzholz Group's Compliance Officer. This ensures that our employees are protected against physical, sexual, psychological, and verbal harassment and abuse while carrying out their work. At the same time, this protects employees' privacy.

No such incidents were reported at our locations.

Gender equality

Waelzholz is a company in the steel and metal processing industry. Hence, there are numerous jobs at our company that have historically been male-dominated. Women currently make up 10.6 percent of the total workforce. In administrative positions, the figure is just over a third (33.6 percent). As a result, one specific goal of our ESG strategy is to significantly increase the percentage of women both at the management level and in the workforce as a whole. The recruiting process represents an important means of achieving this. To this end, we have set ourselves the goal of establishing a women-focused recruiting process by fiscal year (FY) 2024/25, which we intend to support with a corresponding guideline.

Collectively negotiated salaries systematically counteract the gender pay gap – and therefore the unequal compensation of women and men – at the German locations. In accordance with our ESG strategy, it is our explicit goal to expand equal pay to all locations.

Among other things, we try to spark the interest of young female employees in technical professions as part of the annual Girls' Day. The event gives eighth-grade girls the opportunity to spend a day getting to know the industrial professions at Waelzholz.

RESPONSIBLE CORPORATE GOVERNANCE

CORPORATE CULTURE

Sustainability at Waelzholz

In order to firmly enshrine sustainability in our corporate culture, we have introduced various measures in connection with our ESG strategy that are intended to further establish the issue across multiple levels and make it visible.

Sustainability reporting and training

Within the scope of this Sustainability Report, we are informing both external stakeholders and our employees for the first time about the contributions we are already making in terms of sustainability and how we are positioning ourselves for a sustainable future. From now on, Waelzholz will annually publish a Sustainability Report that is based on current reporting standards and covers the latest developments at the company related to sustainability.

In addition, since the 2022/23 fiscal year (FY), we have been offering our employees regular training on various sustainability topics, such as the carbon accounting system we are using to track our carbon footprint. More than 70 employees have taken part in this program so far, ensuring that sustainability will become an integral part of the way our workforce thinks and acts over the long term.



Products for the sustainability transformation

During the reporting period, we developed a process that we will use every year from now on to measure the innovation rate of our new material solutions in fields undergoing a sustainability transformation, such as energy and mobility. We plan to monitor these product development processes statistically over the medium term and define and track corresponding target values for the commercial viability of newly developed materials.

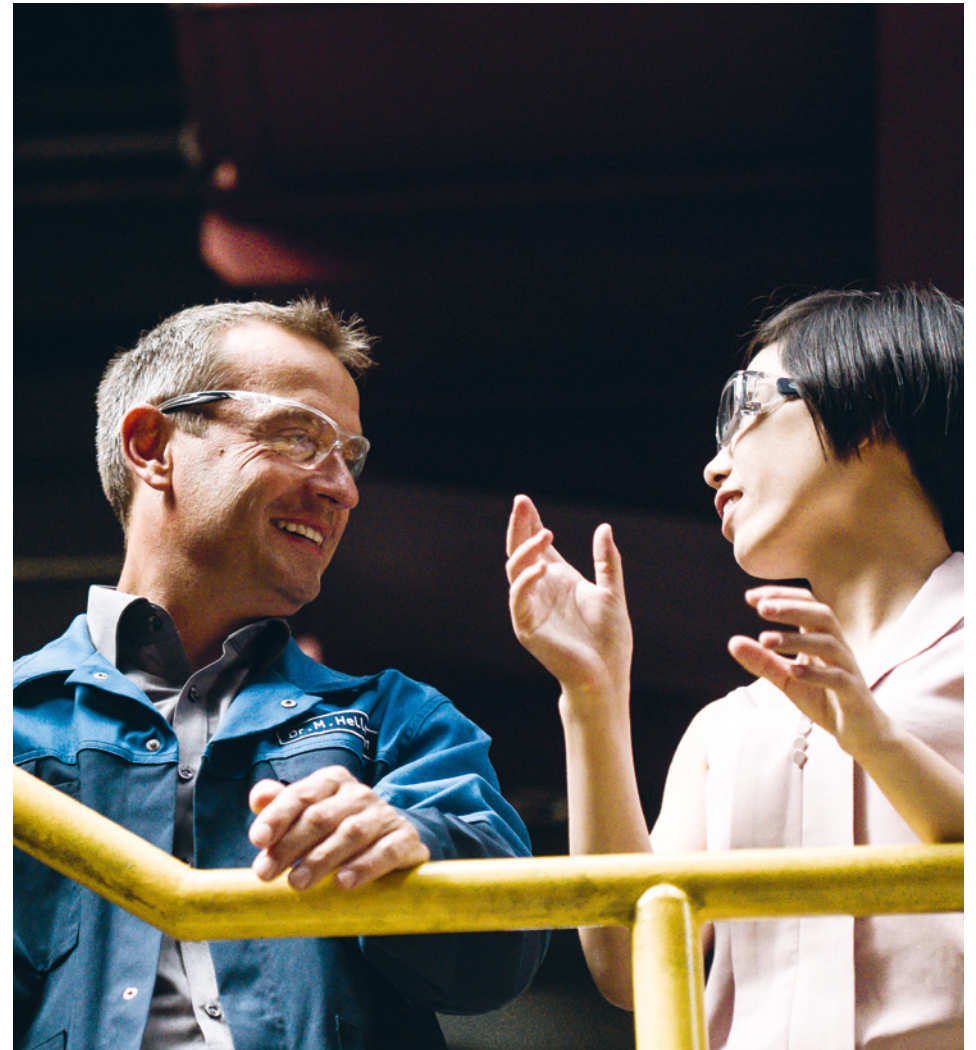
Company mission statement

In 2023, we launched a process to reformulate our company mission statement with the participation of the Executive Board and employees, with the aim of strengthening a values-based and sustainable corporate culture throughout the company.

This mission statement will be implemented structurally at Waelzholz in the coming FY via various communication channels. In order to ensure that this is successful across all areas of the company, we have set ourselves the goal for the coming FY of training all our managers specifically in relation to the new mission statement.

Business ethics

Important pillars of sustainable corporate governance can also be found in Waelzholz's business ethics. As a family-owned business steeped in tradition, we want to achieve long-term growth in the markets of the future – wherever our customers need us as a strong and reliable partner. We also have a clear system of values for this purpose. Our activities are based on respectful and tolerant interactions and high regard for the personal dignity of each individual, and this is firmly enshrined in our company policies. A fundamental part of our cultural self-image is acting in accordance with the law and applicable regulations and assuming responsibility in our dealings with one another.





Code of Conduct

Business ethics play an important role in the success and reputation of the entire group. Having a Code of Conduct to guide us helps to communicate our corporate values to our employees and provide them with clear guidelines for responsible and ethical behavior. This is also intended to strengthen the trust that customers and business partners place in us.

Our Code of Conduct represents the highest company policy governing conduct within the company and in dealings with external stakeholders, even ahead of our Compliance Manual and any individual guidelines. The existing guidelines that are directly related to compliance are also supplemented by the numerous technical regulations that also provide information on compliant behavior, for example on environmental protection or occupational health and safety.

The Code of Conduct applies explicitly to all employees, is handed out to them when they are hired and is also available on the company-wide intranet so that it can be accessed at any time.

Implementation measures

We have developed the following package of measures to implement the principles formulated in our Code of Conduct and to promote a corresponding corporate culture and our associated business success:

- **Seminars and training**

We offer regular training courses for all employees to provide them information regarding the importance and implementation of the Code of Conduct and the compliance guidelines.

- **Risk analyses**

Our ESG Council conducts regular risk analyses to identify potential ethical risks and take appropriate measures to mitigate them.

- **Whistleblowing system**

We set up a whistleblowing system in May 2023 that encourages everyone to report potential violations. In this context, the system ensures that whistleblowers are protected and that reported violations are appropriately investigated and then effectively remedied.

- **Supplier and business partner audits**

The Purchasing and Legal/Compliance departments carry out regular risk-based audits of suppliers and business partners to ensure that they also comply with the principles of our Code of Conduct.

- **Evaluating implementation**

We also regularly evaluate the implementation of the Code of Conduct and communicate the results to the workforce. The insights gained can be used to continuously improve the Code of Conduct and, if necessary, to take further measures to ensure its successful implementation.



Further internal behavior guidelines

In addition to complying with the Code of Conduct, all Waelzholz employees are required to follow other internal guidelines and regulations. The following guidelines are available on the intranet at all times and employees are required to observe them:

- Procurement and contracting guidelines
- Anti-corruption and gratuity guidelines
- Antitrust guidelines
- Compensation guidelines
- Guidelines on employee selection processes at the German locations
- Financial guidelines
- Supplier management guidelines
- Occupational safety
- Energy and environmental policy guidelines
- IT security guidelines
- Declaration of compliance with IT security guidelines
- General IT security briefing

Transparent communication

Transparent communication and the exchange of ideas and opinions between the employees of the Waelzholz Group across all levels of the hierarchy have been an integral part of our corporate culture since the company was founded.



In addition to the tours of the company by decision-makers and a general open-door policy, the following institutionalized communication formats are in place:

- **The representation of employee matters**
by elected representatives on works councils and employee and youth representative bodies
- **The Waelzholz Dialog format,**
in which discussions are organized at regular intervals between employees, heads of HR and the Executive Board
- **Events**
such as company celebrations, anniversary and Christmas parties, which offer opportunities for employees to interact with one another informally
- **Our pronounced culture of holding meetings**
to discuss specialized topics of all kinds

COMPLIANCE



Integrity and compliance at the Waelzholz Group

As an employer and manufacturing company, we bear a great responsibility that requires the highest levels of compliance, fairness, integrity, and transparency. Through our governance structures, we want to live up to this responsibility. After all, sustainable and stable value creation is only possible if all members of the organization comply with applicable legal requirements.

In accordance with our ESG strategy, our various compliance processes are geared toward adhering to legal regulations and operational requirements. At the same time, the aim is to make potential legal, environmental, and human rights risks manageable. Through our high standards in relation to the economy, environment, and society, we promote the acceptance of sustainable business practices in the interests of all stakeholders.

Compliance Manual and training courses

In the Waelzholz Group's internal Compliance Manual, we lay out the key principles governing our conduct as well as the corresponding guidelines and laws that apply both within the organization and in our dealings with external partners.

In addition, our employees regularly receive training on relevant compliance issues. The majority of our employees already took part in corresponding training in the 2021/22 fiscal year (FY). In the current reporting period, a further 27 employees received compliance training.

Internal sustainability rules

While this sustainability report was prepared voluntarily in reference to the reporting standards of the Global Reporting Initiative (GRI), we are already addressing the upcoming legal requirements governing nonfinancial reporting. We already conducted a materiality assessment in 2023 that was deliberately based on the requirements of the European Sustainability Reporting Standards (ESRS), which will be mandatory in the future. We intend to prepare our ESG reporting in accordance with the requirements of the new EU-wide regulations applicable under the Corporate Sustainability Reporting Directive (CSRD) by FY 2025/26 at the latest.

Compliance Committee and responsibility structure

The Executive Board is responsible for monitoring all compliance activities and bears overall responsibility in this regard. A Compliance Committee was established with the main purpose of developing and implementing relevant plans and measures and determining their content. The latter is also responsible for demonstrably monitoring the implementation of compliance-relevant measures and identifying any need for improvement in the event of noncompliance. It can also be consulted in the event of questions or discrepancies relating to compliance issues.

The Waelzholz Group's Compliance Officer serves as chair of the Compliance Committee. The respective department heads are responsible for implementing the measures in the various areas of the company; providing regional, functional, and specialist support; promoting compliance awareness; and communicating the measures and activities to the workforce. While the Compliance Committee did not meet in FY 2022/23, primarily due to the lack of a suitable reason, a meeting of the Compliance Committee is once again planned for the coming FY 2023/24.

Internal Auditing, which reports directly to the CEO, monitors compliance with the requirements laid out in the Compliance Manual and the relevant guidelines. By 2025, we aim to have established global compliance and sustainability standards throughout the entire Waelzholz Group and to have extended the associated responsibility structure to our international locations

Whistleblowing system

In 2023, we established a comprehensive complaint management system to enable internal and external whistleblowers to report violations and risks throughout the supply chain. Since then, critical issues and compliance violations can be reported at any time via various communication channels, including anonymously if so desired.

The first point of contact for the new whistleblowing system is the Compliance Officer. Whistleblowers also have the option of discussing their concerns with an external ombudsman, who is independent and bound to secrecy. Incoming reports are collected, evaluated, and, in serious cases, passed on to the Executive Board. In the event of any violation, sanctions are imposed and appropriate countermeasures are initiated.

Critical matters are reported directly to the Executive Board and the Legal Department. Matters that are also considered critical by the Executive Board from an operational, strategic, or legal perspective are presented in detail to the chair of the Board of Trustees and shared with the Supervisory Board. This ensures that information flows in a timely manner and that action can be taken quickly.

There were no critical violations of laws or regulations reported in FY 2022/23 for which fines or nonmonetary sanctions were imposed.

Corruption and anti-competitive behavior

In accordance with the applicable UN conventions, we are firmly opposed to corruption and bribery and also expect our suppliers to strictly reject anti-competitive practices. Similarly, our own employees are strictly prohibited from accepting or offering money or other resources in order to obtain unlawful or improper advantages. We systematically pursue violations and punish those responsible appropriately.

The entire first and second management levels as well as all employees in Sales, Purchasing, Materials Technology, Human Resources, and Finance have been informed of Waelzholz's anti-corruption procedures. In addition, we have specifically informed all suppliers of raw materials, i.e., 80 percent of our total purchasing volume, about our anti-corruption procedures and obtained commitments from them regarding their own anti-corruption measures.

No incidents of corruption were reported for FY 2022/23 and no proceedings were brought against us due to anti-competitive behavior or the formation of cartels or monopolies. To date, we have not audited the operating locations for corruption risks, as the preliminary audits conducted as part of our internal auditing activities have not identified any fundamental, significant risks. In the future, we intend to audit the operating sites on an ad hoc basis.

Tax

Due to the close relationship between the company and its shareholders, the Waelzholz Group's entire tax strategy is planned centrally. Within the overarching tax guidelines and in consultation with the central Finance Department, the decentralized subsidiaries can develop their own tax structure for their operational business activities.

The regulatory requirements applicable to the locations in Austria, China, France, Germany, Italy, Poland, the United States, and Mexico are each based on national accounting standards. The CFO of Waelzholz approves, reviews, and is responsible for the group's tax strategy. Concerns about Waelzholz's conduct and integrity in relation to taxation can be submitted anonymously at any time via the Waelzholz whistleblowing system.



BUSINESS PARTNER AND SUPPLY CHAIN MANAGEMENT

Sustainable procurement

At Waelzholz, we focus on sustainability aspects along our supply chains as part of our ambitious approach to procurement. Frequent communication and close collaboration with our business partners form the basis for sustainable business, process, and production practices. We have codified our procurement guidelines in a Code of Conduct (CoC), which was developed specifically for suppliers and is available on our company website.





Principles governing collaboration, human dignity, and the environment

Waelzholz expects its suppliers to support fundamental principles and labor rights. These include the principles of the UN Global Compact, the United Nations Universal Declaration of Human Rights, and the International Labor Organization's core labor standards. Accordingly, we avoid working with companies that tolerate forced and child labor as well as discrimination of any kind and that do not comply with the respective national laws and regulations governing working hours, wages, salaries, and employer contributions as well as the applicable occupational health and safety regulations.

We also expect our suppliers to have a documented environmental management system in accordance with international standards (e.g., ISO 14001) in place, in addition to general and industry-specific quality management certifications. At the same time, and in line with our ESG strategy, our aim is to increase the percentage of suppliers with environmental, energy, and occupational safety certifications.

In this context, we intend to define standardized requirements in the coming year and review the relevant certifications and evidence from our suppliers on the basis of an annual risk analysis. This is because in all phases of procurement, we generally favor eco-friendly supply practices.

Code of Conduct and purchasing terms and conditions

Our aim is for our suppliers to recognize our CoC for Suppliers. We review this annually as part of an internal audit.

In the "Raw materials and energy" area of procurement, 90 to 100 percent of active suppliers signed our CoC or published their own comparable CoC in the 2022/23 fiscal year (FY). In the "Investments" and "Services and consumables" areas of procurement, we actively demanded compliance with our CoC for every order.

In addition to our CoC, we require our suppliers and service providers to recognize and accept our purchasing terms and conditions, which form the framework of our business relationship. Our procurement guidelines define the conduct expected of our employees in their dealings with suppliers and their employees.

Risk mitigation and transparency

Overall, our aim is to increase transparency in all of our supply chains and thereby minimize procurement risks. Applied strategies for minimizing potential procurement risks include the "local for local" approach and avoiding single sourcing. The associated risk matrix is reviewed on an annual basis.

Preparing for Germany's Supply Chain Due Diligence Act (abbreviated LkSG in German) is also a top priority for our comprehensive procurement management. To this end, we will carry out various audit processes in addition to an annual risk analysis. Approximately 80 percent of our total procurement volume and therefore the majority of our suppliers will be audited annually in accordance with our audit plan.

As part of this process, we are doing the following, among other activities:

- Systematically documenting our suppliers' certifications
- Checking the validity period and expiration dates
- Requesting the renewal of expired certifications

Next, we compare the results of the audit with the approval criteria set out in our procurement guidelines.

Local procurement and supplier selection

While Waelzholz's production facilities are located in Germany, China, and Brazil, our main site in Hagen, Germany, determines the general guidelines for the procurement of raw materials and capital goods. Operational processing and negotiations, on the other hand, take place at the respective production sites, as supporting the local economy and reducing our carbon footprint are extremely important to us. For these reasons, we prefer that each of our production sites¹ source locally.



| | NON-EU COUNTRY | EU COUNTRY |
|------------------------|-------------------|---------------|
| Electrical steel strip | 1 % | 99 % |
| Stainless steel | 7 % | 93 % |
| Wire rod | - | 100 % |
| Hot rolled steel strip | 1 % | 99 % |
| Procurement of energy | - | 100 % |

¹ Local in this context means procurement from Europe for EU locations; procurement from South America for locations in Brazil; procurement from Asia for locations in China.

**Procurement of raw materials
for the Chinese production (2022/23)²**

| | EU COUNTRY AND SOUTH KOREA | CHINA |
|------------------------|-------------------------------|-------|
| Hot rolled steel strip | 14 % | 86 % |
| Procurement of energy | - | 100 % |

**Procurement of raw materials
for the Brazilian production (2022/23)**

| | EU COUNTRY | BRAZIL |
|------------------------|---------------|--------|
| Hot rolled steel strip | 3 % | 97 % |
| Procurement of energy | - | 100 % |

In addition, we source raw materials exclusively from approved and/or certified suppliers. In the case of new energy suppliers, we have an internal rule in place that an order will only be placed if the supplier in question has certifications that are accepted by Waelzholz. In this context, the certifications for all suppliers in the "Raw Materials and energy" procurement area are managed centrally. As we also want to promote safe and fair working conditions in our value chain, we work primarily (over 90 percent of our purchasing volume) with suppliers who are bound by collective bargaining agreements and offer conditions that have been negotiated as part of a collective agreement between the unions and employers' organizations.



² In the past 2022/23 fiscal year, we observed that customers had an increased need for information with regard to products or services from the Chinese province of Xinjiang and Russia as well as regarding nickel originating in Guatemala. Thanks to our transparent supply chains, however, we were able to ensure that Waelzholz's business activities neither actually nor potentially contributed to the promotion of negative impacts and that the company was not involved.

POLITICAL PARTICIPATION

Activity in trade associations and industry organizations

Waelzholz is always involved in political decision-making processes at the local, regional, and national level. This is because we believe it is important to express our views and needs as a medium-sized company and make them visible in public discourse. As a result, we specifically play an active role in various institutions, associations, and chambers of commerce by attending meetings and events and volunteering for leadership positions within these organizations. The respective individuals communicate the insights from these activities to the Executive Board and, in relevant cases, to the shareholders.

Dr.-Ing. Hans-Toni Junius, chair of the Waelzholz Board of Trustees, has been chair of the SME Committee at The Federation of German Industries (abbreviated BDI in German) and The Confederation of German Employers' Associations (abbreviated BDA in German) since April 1, 2015, where he advocates for forward-thinking reforms in Germany and the European Union. In addition, members of the Executive Board are active members of the Executive Committee and the General Assembly of The German Steel and Metal Processing Industry Association (abbreviated WSM in German).

The chair of the board and the chair of the technical committee of The Industry Association of the German Cold Rolling Industry (abbreviated FVK in German), are also held by members of Waelzholz's Executive Board – Dr. rer. Pol. Matthias Gierse and Dr.-Ing. Heino Buddenberg, respectively. In addition, the company has, as a matter of course, been an active member of The South Westphalian Chamber of Industry and Commerce (abbreviated SIHK in German) in Hagen, Germany, for many years.

As one of the largest employers in Hagen, Germany, where the company is headquartered, Waelzholz's voice also carries weight in local politics. As such, it is important to us that we stay in contact with local politicians. The company did not donate any funds or benefits in kind to political parties in the 2022/23 fiscal year (FY).

Memberships in organizations

In FY 2022/23, Waelzholz was a member of the following organizations, among others:

- Association of the German Spring Industry (associated)
- Association of Märkischer Kreis District Employers
- Association for the Promotion of German Industry
- Association for Safety, Health, and Environmental Protection at Work
- Employers' Association of the Metal and Electrical Industry Baden-Württemberg
- General German Automobile Club (ADAC)
- The German Steel and Metal Processing Industry Association
- Hagen Business Owners Association
- Hagen General Hospital
- The Industry Association of the German Cold Rolling Industry
- Institute for Manufacturing Research

Community involvement

We are an active sponsor and supporter of local and regional sports clubs and research institutes. We have also been working closely with the integration organization Pro Integration gGmbH for decades. Pro Integration gGmbH is committed to supporting and empowering young people for the primary labor market and is a major supplier of wooden pallets and sleds within the Waelzholz Group.



ESG STRATEGY



ESG strategy regarding climate change

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--|---|--|-------------|
| Prepare a detailed climate assessment (encompassing Scope 1 – 3 emissions) according to the cradle-to-gate approach | Determine CCFs/PCFs emitted at the company's Brazilian site (global accounting standard) | t CO ₂ e | 2024 |
| | Determine CCFs/PCFs emitted at the company's Chinese site(global accounting standard) | t CO ₂ e | 2025 |
| Achieve climate neutrality by 2045 (according to our climate roadmap) | | | |
| Reduce absolute CO₂e emissions – company carbon footprint (CCF) <ul style="list-style-type: none"> by 30 percent CO₂e by 2030/31 by 2045/46 to 0 t CO₂e (baseline year: 2018/19) | Define roadmaps with measures to reduce CO ₂ e emissions intensity in Scope 1 – 3 for all of the company's international locations | Roadmap with concrete measures (yes/no) / t CO ₂ e/t sold | 2025 |
| | Formulate concrete targets for the sale of products with reduced CO ₂ e emissions | Supplied CO ₂ e reduction in t | 2024 |
| Reduce relative CO₂e emissions – product carbon footprint (PCF)* <ul style="list-style-type: none"> In Scope 1 and 2: by 45 percent by 2030/31 to 79 kg CO₂e/t sold (baseline year: 2018/19) In Scope 3: by 30 percent by 2030/31 to 1,821 kg CO₂e/t sold (baseline year: 2018/19) | Specifically procure/source of raw materials with reduced CO ₂ emissions (steel products) | Quantities of raw materials purchased with reduced CO ₂ emissions (metal products) in t | 2030 |
| Utilize 100 percent* renewable energy sources by 2030 (electricity Scope 2) | 100 percent use of electricity from renewable energy sources by 2030. Utilize 100 percent green hydrogen in production as soon as political measures have been taken to expand the infrastructure, in accordance with our roadmap | Percent of the total consumption of electricity and fuels in production | 2030 |

*40 percent by the end of 2022

ESG strategy regarding circularity

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--|---|---------------------------------|-----------------|
| Increase the share of reusable/ recycled materials | Permanently optimize packaging as part of a CIP process together with customers | Process carried out (yes/no) | Annually |
| Reduce material/resource consumption and increase material efficiency and reduce operational scrap quantities | Audit and determine excess quantities in our own production and during transportation | Inspection carried out (yes/no) | Annually |
| | Use materials more efficiently thanks to continuously improved digitalized process | List of measures | Annually |

ESG strategy regarding water management

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--------------------------------------|---|--|-----------------|
| Reduce fresh water withdrawal | Identify potential improvements, particularly in relation to water consumption/fresh water withdrawal (if applicable from the ISO 14001 certification audit reports), and initiate appropriate measures | Potential improvements identified/ measures initiated | Annually |
| Improve wastewater management | Identify potential improvements, particularly in relation to water treatment (if applicable from the ISO 14001 certification audit reports), and initiate appropriate measures | Potential improvements identified/ measures initiated | Annually |

ESG strategy regarding environmental protection

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|---|--|--|---|
| Keep the environmental footprint of our business activities low | Continue cradle-to-gate analysis of our products with regard to relevant environmental indicators such as air pollutant emissions (NOX emissions), ecotoxicity (water discharge), ecosystem quality, impact assessments, etc. and expand them to other locations worldwide | Corresponding environmental indicators | 2027 |
| | Identify potential improvements, particularly in relation to air and soil pollution and the handling of hazardous substances (chemicals management), from the ISO 14001 certification audit reports and initiate appropriate measures at all locations worldwide | Potential improvements identified/measures initiated | Annually/regularly following certification/recertification |

ESG strategy regarding appropriate working conditions

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--|--|---|---|
| Maintain/increase employee satisfaction | Continuously measure employee turnover and length of service, compare with target values and initiate improvement measures, if necessary | Employee turnover rate and length of service relative to threshold values based on local conditions of the relevant competition | For the first time in 2024 (annually thereafter) |
| | Identify areas in need of improvement from annual feedback meetings and all-hands meetings | Interviews analyzed | For the first time in 2024 (annually thereafter) |
| | Train managers on employee management, communication, and collaboration methods | Number/percentage of trained managers | Annually |
| Promote occupational health and safety (i.e., prevent work-related accidents) | Maintain a high level of company health offerings based on demand | Number and range of offers/participants | Annually |
| | Conduct regular occupational safety training | Number of participants (registrations) | Annually |
| | Analyze and ergonomically optimize (risk assessment) workstations (inspections with the company doctor) | Carried out (yes/no) | Regularly (every two years) |

ESG strategy regarding training and skills development

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|---|--|---|-----------------|
| Improve vocational and advanced training opportunities | Obtain offers for a cooperative education program following vocational training | Number of participants relative to demand | Annually |
| | Expand the Waelzholz Campus | Number of participants in online training courses | Annually |
| Enhance internal skills development and ensure the transfer of knowledge | Develop an internal career development program (including targeted talent development and further training measures, job rotation, and global exchange formats), for example as part of JUMP | Number of participants | Annually |
| | Develop a systematic succession plan based on a survey of demographic key figures | Process description | Annually |

ESG strategy regarding diversity and equal opportunity

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--|---|--|-------------|
| Increase diversity at the company | Implement recruitment processes geared towards women, especially for management positions (draft a corresponding recruitment guideline) | Number of women in the workforce and in management positions | 2025 |
| | Implement equal pay at international locations | Gender pay gap | 2026 |
| | Implement diversity management | Implemented (yes/no) | 2024 |

ESG strategy regarding corporate culture

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--|--|---|---|
| Establish sustainability as an integral part of the corporate culture | Sustainability reporting in reference to GRI Standards | Report | For the first time in 2023 (annually thereafter) |
| | Regularly train employees on sustainability issues (carbon footprint, etc.) | Percentage of trained employees | Annually |
| | Promote innovative material solutions for fields undergoing sustainability transformation (i.e., the energy and mobility transition) | Innovation rate: percentage of total revenue accounted for by new products (last 3 years) | Annually |
| Develop a values-based and sustainable management culture | Communicate the new company mission statement | Implemented (yes/no) | 2024 |

ESG strategy regarding compliance

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--|---|---|---|
| Ensure legally compliant behavior – prevent violations of the law | Regular compliance training | Number of trained employees | Annually |
| | Implement and allocate responsibility for global compliance and sustainability standards across the group | Number of group-wide requirements implemented | 2025 |
| Comply with legal ESG requirements | Prepare CSRD-compliant ESG reporting by the deadline | Report | For the first time in 2025 (annually thereafter) |

ESG strategy regarding business partner and supply chain management

| TARGET | MEASURES | KPIS/KEY FIGURES | TIMING |
|--|--|--|--------------------------------------|
| Have suppliers accept our Code of Conduct for Suppliers in line with and prioritized according to the results and findings of our risk analysis | Regularly conduct risk analyses and compare with already accepted or existing Code of Conducts | Percentage of CoC signed/ "at-risk suppliers" | Annually (internal audit) |
| Prioritize and increase the percentage of suppliers with environmental, energy, and occupational safety certifications | Regularly conduct risk analyses and compare them with the necessary, existing, and valid certifications and certificates; Define standardized requirements | Percentage of certified suppliers/ purchasing volume | Annually (internal audit) |
| Implement Germany's Supply Chain Due Diligence Act (abbreviated LkSG in German) | Create a database to save and share relevant information | Successful implementation | 2024 |
| Improve readiness for ESG requirements on the supplier and customer side | Identify and participate in market and industry-relevant initiatives such as UNGC, CDP, SBTi, Responsible Steel, etc. | Number of initiatives | 2024 |



GRI CONTENT INDEX

Statement of use

C.D. Wälzholz GmbH & Co. KG has reported the information cited in this GRI content index with reference to the GRI Standards.

GRI standard applied

GRI 1: Foundation 2021

GRI 2: General disclosures 2021

| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
|--|--|----------------------|---|
| The organization and its reporting practices | | | |
| GRI 2-1 | Organizational profile | 5, 6, 14, 15, 16, 17 | C.D. Wälzholz GmbH & Co. KG Feldmühlenstraße 55 58093 Hagen, Germany |
| GRI 2-2 | Entities included in the organization's sustainability reporting | 23 | |
| GRI 2-3 | Reporting period, frequency, and contact point | 19, 20, 21, 24 | The reporting period is the 2022/23 fiscal year. In exceptional cases, key figures are reported from the 2021/22 fiscal year. The next report is planned for the 2023/24 fiscal year. |
| GRI 2-4 | Restatements of information | | The report does not contain any corrections or restatements. (First report) |
| GRI 2-5 | External assurance | | An external audit has not taken place. |

GRI content index

| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
|------------------------|---|----------------------------|------------------|
| Activities and workers | | | |
| GRI 2-6 | Activities, value chain, and other business relationships | 5, 6, 7, 8 | |
| GRI 2-7 | Employees | 77, 78, 79, 80, 81, 82, 83 | |
| Governance | | | |
| GRI 2-9 | Governance structure and composition | 14, 15, 16, 17, 30 | |
| GRI 2-10 | Nomination and selection of the highest governance body | 16, 17 | |
| GRI 2-11 | Chair of the highest governance body | 16, 17 | |
| GRI 2-12 | Role of the highest governance body in overseeing the management of impacts | 30 | |
| GRI 2-13 | Delegation of responsibility for managing impacts | 29, 30, 31, 32 | |
| GRI 2-14 | Role of the highest governance body in sustainability reporting | 30 | |
| GRI 2-15 | Conflicts of interest | 16, 17, 117 | |
| GRI 2-16 | Communication of critical concerns | 107 | |
| GRI 2-17 | Collective knowledge of the highest governance body | 30 | |

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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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| Strategies, policies, and practices | | | |
| GRI 2-22 | Statement on sustainable development strategy | 19, 20, 21, 27, 28, 32 | |
| GRI 2-23 | Policy commitments | 98 | |
| GRI 2-24 | Embedding policy commitments | 98 | |
| GRI 2-25 | Processes to remediate negative impacts | 29, 30, 31, 32, 107, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128 | |
| GRI 2-26 | Mechanisms for seeking advice and raising concerns | 103, 107 | |
| GRI 2-27 | Compliance with laws and regulations | 39, 62, 72, 99, 100, 101, 104, 105, 108, 109 | There were no cases of noncompliance with environmental protection laws and/or regulations. Similarly, there were no cases of noncompliance with laws and regulations relating to social or economic matters. |
| GRI 2-28 | Membership associations | 117 | |
| Stakeholder engagement | | | |
| GRI 2-29 | Approach to stakeholder engagement | 30, 31 | |
| GRI 2-30 | Collective bargaining agreements | 82 | |

GRI 3: Material topics 2021

| | | | |
|----------------|--|--------------------|----------------------|
| GRI 3-1 | Process to determine material topics | 33, 34, 35, 36, 37 | |
| GRI 3-2 | List of material topics: Climate change (GRI 201, GRI 302, GRI 305) Environmental protection (GRI 305) Circularity (GRI 301, GRI 306) Water management (GRI 303) Appropriate working conditions (GRI 2, GRI 202, GRI 401, GRI 403) Training and skills development (GRI 404) Diversity and equal opportunity (GRI 405, GRI 406) Corporate culture (GRI 2) Compliance (GRI 2, GRI 205, GRI 206, GRI 207) Business partner and supply chain management (GRI 204, GRI 308, GRI 414) Political participation (GRI 2, GRI 415) | 33, 34, 35, 36, 37 | |
| GRI 3-3 | Management of material topics | | See respective topic |

Material topics

Business performance

| | | |
|---|-----------------------------------|--|
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59 |
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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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| GRI 201 Economic performance | 201-2 Financial implications and other risks and opportunities due to climate change | 51, 52, 53, 54, 55 | |
| Procurement practices | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 102, 110, 112, 113, 114, 115 | |
| GRI 204 Procurement practices 2016 | 204-1 Proportion of spending on local suppliers | 114, 115 | |
| Anti-corruption | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 102, 104, 105, 106, 107, 108, 109 | |
| GRI 205 Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 108 | |
| | 205-2 Communication and training about anti-corruption policies and procedures | 99, 100, 101, 108 | |
| | 205-3 Confirmed incidents of corruption and actions taken | 108 | |

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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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| Anti-competitive behavior | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 102, 104, 105, 106, 107, 108, 109 | |
| GRI 206 Anti-competitive behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 108 | |
| Tax | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 102, 104, 105, 106, 107, 108, 109 | |
| GRI 207 Tax 2019 | 207-1 Approach to tax | 109 | |
| | 207-2 Tax governance, control, and risk management | 109 | |
| Materials | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 60, 61, 62, 64, 65, 66, 67 | |
| GRI 301 Materials 2016 | 301-1 Materials used by weight or volume | 66, 67 | |
| | 301-2 Recycled input materials used | 66, 67 | |
| | 301-3 Reclaimed products and their packaging materials | 66, 67 | |

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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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| GRI 3 Material topics 2021 | 3-3 Management of material topics | 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 102 | |
| GRI 302 Energy 2016 | 302-1 Energy consumption within the organization | 44, 45 | |
| | 302-3 Energy intensity | 46 | |
| | 302-4 Reduction of energy consumption | 40, 41, 42, 43 | |
| | 302-5 Reductions in energy requirements of products and services | 40, 41, 42, 43 | |
| Water and effluents | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 68, 69, 70, 71 | |
| GRI 303 Water and effluents 2018 | 303-1 Interactions with water as a shared resource | 68, 71 | |
| | 303-2 Management of water discharge-related impacts | 68 | |
| | 303-4 Water discharge | 69 | |
| | 303-5 Water consumption | 69 | |

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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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| Emissions | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 72, 74, 75, 102 | |
| GRI 305 Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 47, 48, 49 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 47, 48, 49 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 47, 48, 49 | |
| | 305-4 GHG emissions intensity | 47, 48, 49 | |
| | 305-5 Reduction of GHG emissions | 50, 56, 57, 58, 59 | |
| Waste | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 60, 61, 62, 64, 65, 66, 67 | |
| GRI 306 Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 61 | |
| | 306-2 Management of significant waste-related impacts | 61 | |
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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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Supplier environmental assessment

| | | | |
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| GRI 3 Material topics 2021 | 3-3 Management of material topics | 110, 112, 113, 114, 115 | |
| GRI 308 Supplier environmental assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 112 | |

Employment

| | | | |
|---|--|--|--|
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 102, 103 | |
| GRI 401 Employment 2016 | 401-1 New employee hires and employee turnover | 77, 78, 79, 80, 81, 82, 83 | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 77, 78, 79, 80, 81, 82, 83 | |

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| | | | |
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| GRI 3 Material topics 2021 | 3-3 Management of material topics | 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 102 | |
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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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| | 403-2 Hazard identification, risk assessment, and incident investigation | 84, 85, 86, 87 | |
| | 403-3 Occupational health services | 84, 85, 86, 87 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 84, 85, 86, 87 | |
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| GRI 404 Training and education 2016 | 404-2 Programs for upgrading employee skills and transition assistance programs | 88, 90 | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 93 | |

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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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| GRI 3 Material topics 2021 | 3-3 Management of material topics | 94, 95, 102 | |
| GRI 405 Diversity and equal opportunity 2016 | 405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men | 94, 95 95 | |
| Non-discrimination | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 94, 95, 102 | |
| GRI 406 Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 95 | |
| Supplier social assessment | | | |
| GRI 3 Material topics 2021 | 3-3 Management of material topics | 110, 112, 113, 114, 115 | |
| GRI 414 Supplier social assessment 2016 | 414-1 New suppliers that were screened using social criteria | 112 | |

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| GRI DISCLOSURE | DESCRIPTION | PAGE | COMMENT/OMISSION |
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Public policy

| | | | |
|---|-----------------------------------|----------|--|
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| | | | |
|---|-------------------------------|-----|--|
| GRI 415 Public policy 2016 | 415-1 Political contributions | 116 | |
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