Woco Group
Sustainability Report
2022

Foreword: CEO Michael Lorig – ESG

As a technically oriented automotive supplier that meets the challenges of the automotive industry, our mission is to develop and implement robust, independent and sustainable solutions. Our ambitions drive us to continually improve and set new technological standards. We remain agile by responding flexibly to changing market demands and making efficient use of our resources.

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1 Business Profile

1.1 General Information

1.1.1 Characteristics of the company's sustainability reporting

About this report

This is the third sustainability report of the Woco Group. Woco has compiled the information provided in this report for the period 1 January 2022 - 31 December 2022 with reference to the GRI standards.

The structure of the report is already based on the requirements of the ESRS (European Sustainability Reporting Standards) published as part of the CSRD.

Reporting Period

We published our last Sustainability Report in 2019. The next report was planned to follow in 2021. However, due to the coronavirus pandemic and the development of a new organisational structure to be implemented in 2022, we decided not to publish a report. Instead, we have been working on developing a sustainability strategy that takes into account the dynamic developments in sustainability.
The reference period for the performance indicators is the last completed financial year at the time the information was collected, i.e. calendar year 2022. Unless otherwise stated, the descriptions and factual content reflect the situation at the time the information was collected (spring 2023).
The report will be published in early 2024. If you have any questions, please contact the ESG team: Sabine Konrad-Schwämmlein, Global Sustainability Manager (ESG).
The next sustainability report is scheduled for publication in mid-2024, covering the 2023 financial year. We would like to introduce an annual reporting cycle.

Frame of reference

This report refers to the entire Woco Group, including its subsidiaries. The frame of reference therefore corresponds to the Group's scope of consolidation. In addition to Woco GmbH & Co. KG as the parent company, the consolidated financial statements include 27 companies (2019 - 31), of which 8 companies (2019 - 10) are based in Germany and 19 companies (2019 - 22) are based abroad.

External Audit

Woco has used external support in the preparation and compilation of this report. An additional external audit of the report is not planned.

1.1.2 Overview of business activities

Organisational profile

The business activities of the Woco Group with its ultimate parent company Woco GmbH & Co. KG is hereinafter referred to as the Woco Group or Woco. Woco is an internationally active group with the flexibility and organisation of a modern medium-sized company.

Woco facts 2022: 614 million turnover, with 14 production units, approximately 4,600 employees and 230 developers

Headquartered in Bad Soden-Salmünster, the Woco Group has plants, production facilities and partners in Europe, the Americas and Asia. With the help of standardised processes, Woco supports its customers worldwide according to the philosophy: Woco is there where the customer needs Woco. In 2022, Woco has 14 active production sites in Germany (Bad Soden-Salmünster, Steinau, Kronach, Eisenach), the Czech Republic (Vestin and Zlin), France (Habsheim), Hungary (Budapest), Spain (Irun), the People's Republic of China (Wuxi), India (Greater Noida, Kandla), Mexico (Queretaro, Lagos de Moreno) and Romania (Satu Mare). Our production sites are at the centre of our sustainability efforts because this is where we can achieve the greatest impact. Facts and figures, such as CCF calculations, can be found here.

Activities - industry, markets served

At the beginning of 2022, the new organisational structure of the Woco Group was implemented as part of the "Woco 2020+" project.

In the automotive sector, the Woco Group is an initial developer and supplier to the automotive and supplier industry with a focus on acoustic system solutions for the entire vehicle, including the development, production and sale of modules and components for the automotive industry. The previous business units of the Automotive division have been transferred to product segments (Air Guides, Drive Technology, Thermal Management and Sealing & Noise Vibration Harshness - S-NVH) to which the CCF calculations are to be related.

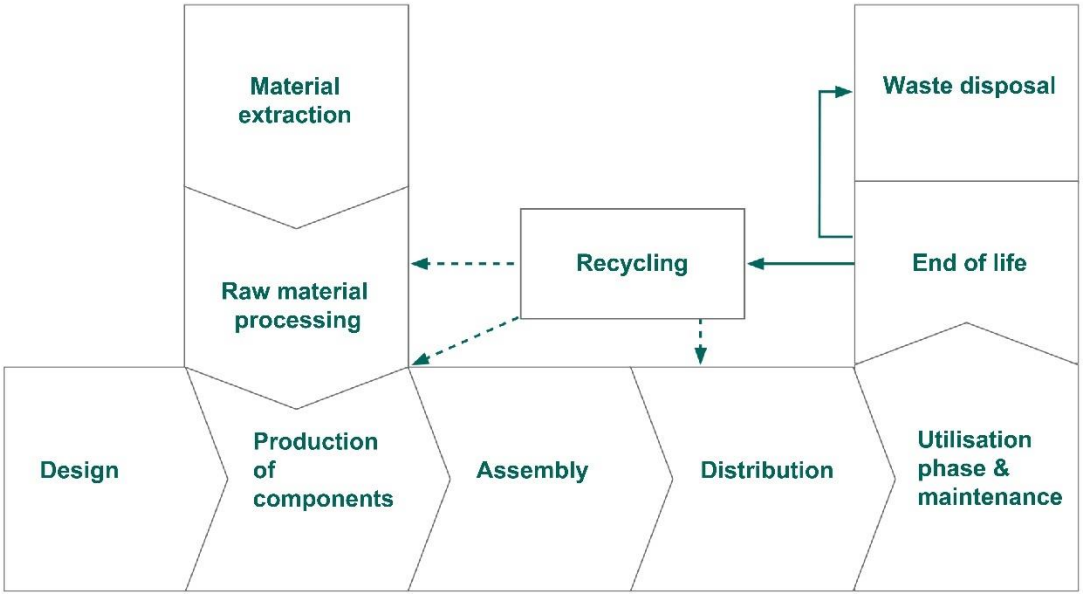
In the non-automotive sector, the Woco Group focuses primarily on industrial anti-vibration systems, functional solutions for measurement and control systems, piping systems and anti-vibration systems for track superstructures. Woco products are marketed in part under the established brand names EFFBE, Gamma and PSC. Many years of experience in the global industrial markets and the consistent utilisation of automotive know-how form the basis for cooperation with our customers. The former "Non-Automotive" division will be represented in the Polymer Industries and New Industry product segments from 1 January 2022.

Since 2022, the Woco Group's business activities have been divided within the central organisation into the result-oriented product segments S-NVH, Thermal Management, Air Gui-des, Drive Technology, Polymer Industries and New Industry.

S-NVH:	Decoupling, radiator mounts, seals, stabilisers, foam and precision parts. Thermal management: intelligent valves, thermal modules and solenoid valves.
Air Guides:	Air ducts, resonators and air filters.
Drive Technology:	The portfolio includes electric divert-air valves, battery vent valves, functional plastics, active and passive oil separators, cleaning valves, unit partitions, water valves, oil pans and lines, valve blocks, heating elements and actuators, pneumatic regulating and control elements and pressure converters.
Polymer Industries:	This segment corresponds to the former Non-Automotive Division with the business units Industrial Antivibration Systems, Measuring and Control Systems, Piping Systems and Track Superstructure. Control Systems, Piping Systems and Track Superstructure.
New Industry:	Here you will find new products that have not yet been launched by the Woco Group. The most notable is the Wairify air purifier, a marketable device for the consumer sector, but also other products such as a reusable drinking straw. Our customers include automotive manufacturers, Tier 1 and Tier 2 suppliers and industrial customers.

As a supplier to the automotive industry, we are part of the upstream value chain. The following diagram illustrates our role and responsibilities within this chain. Although our influence outside the company is often limited, we are preparing ourselves through a variety of activities for a changing perception that is reflected in a number of industry initiatives and customer requirements. We are integrating these requirements into our processes and will influence our suppliers to the extent that we can.

Typical value chain in the automotive industry



1.1.3 Compliance Information

Organisational changes

Governance:

2020:	CFO of the Woco Group is Jürgen Nordhus gnt. Westarp
2023:	Kolja Kress has been the new CFO of the Woco Group since April 2023
2021–2022:	Deloitte advises on the further development of the Woco Group's sustainability strategy

Markets:

2020–2021:	Development of new organisational structure 2020+ incl. a new mission statement
2022:	Implementation of the 2020+ organisational structure project at the beginning of 2022 (see chapter Activities)
2022:	Definition of the Woco Group's transformation goals and adjustment of the product portfolio

Plants:

The strategic realignment of the Woco Group's business areas is actively used in the operating business as a decision-making basis for the adjustment of production capacities.

2020:	Transfer of the machines at the Zhonglan Woco (Ma'anshan) Rubber and Plastic Products Co. Plastic Products Co. Ltd. / PR China to Wuxi Woco Motor Acoustic Systems Co. Ltd. / PR China by the end of 2020; termination of activities in Ma'anshan
2021:	Relocation of production activities at the Boissy-Saint-Léger/France site to Habsheim
2021:	Closure of the Sharjah site (United Arab Emirates), complete relocation of production to Greater Noida
2022:	Sale of the shares in Woco Tecnica S.A., Irun/Spain ("Woco Tecnica") as part of a management buy-out ("MBO") to the local management team at the end of 2022

Digitalisation:

As processes are digitalised, the attack surfaces for cyber-attacks on companies are becoming increasingly larger.

2021–2022:	Development of a cyber security roadmap up to 2025 as part of the transformation, coordinated with bundles of measures in the implementation for risk mitigation
2022:	Acquisition of the TISAX label in two plants to ensure basic IT security protection. Further plants in planning.

Climate Strategy:

2022:	Development of a climate strategy following SBTi targets until 2030
2022:	Submission of SBTi targets for validation

CCF calculation:

2021:	Due to a change in the base data, recalculation of the CCF years 2019 and 2021

1.2 Strategy

1.2.1 Business Model

The Woco 2020+ project has led to the development of a new corporate mission statement for Woco: robust, independent and sustainable. The resulting opportunities and risks for the business model have been incorporated into the strategic realignment and transformation of the product portfolio. This is linked to the following transformation goals for the Woco Group:

Concentration on core competences
Focus on regional markets
Independence from the combustion engine

The continuous development of our products, processes, and materials, as well as the development of customised and independent solutions, enables us to offer services that help our customers manage the technological transition from the internal combustion engine to electric mobility.

In today's world of sustainability and climate change, companies are expected to play their part in reducing greenhouse gas emissions. The PCF is an important tool in this regard. However, accurately quantifying a product's carbon footprint is a complex matter. The complexity stems from various aspects such as the manufacturing process, the different supply chains and the many variable factors. This represents a major challenge.

In addition to the technical difficulties, there are also organisational barriers. Companies are faced with the task of not only calculating the PCF, but also integrating the results into their business strategies and processes. This requires a cultural change in which all departments and employees recognise the value and importance of the PCF and integrate it into their daily workflow.

There are also external challenges. The market and consumers demand transparency and accountability, but there are often no clear guidelines or standards for companies to calculate the PCF. This leads to inconsistencies and uncertainties that can undermine confidence in reported PCF values.

Overall, the accurate determination of a reliable PCF is not just a matter of technology or methodology, but also requires organisational adjustments, cultural changes and clear leadership from industry associations and regulators. There is an urgent need for holistic solutions that enable organisations to effectively and efficiently determine the PCF.

1.2.2 ESG Ambition level

In line with the corporate strategy, Woco has developed an ESG strategy that guarantees long-term market conformity, ensures sustainability compliance and specifies organisational structures for implementation.

Stakeholder interests were involved in both the definition of the key topics and the development of the optimised ESG strategy. By participating in numerous external sustainability initiatives, we are constantly developing in this area and can therefore take the requirements of the various stakeholder groups into account.

This results in Woco's sustainability ambition:

Woco actively contributes to the sustainable transformation of the economy, implements this in its own business and promotes change along the entire value chain. Woco proactively addresses ecological and social challenges to ensure that the holistic interests of customers, employees and society are protected. On this basis, we have developed a set of principles for the relevant areas of action (performance, environment, social affairs, governance). These are explained in the relevant chapters of the report.

1.3 Governance Structures

1.3.1 Ownership Structure

Woco is a family-owned company with more than 60 years of history. The shareholders of Woco GmbH & Co. KG are the company's founder, Franz Josef Wolf, and his descendants. As the parent company, Woco GmbH & Co. KG holds the majority of shares in a total of 27 companies, which have different legal forms depending on the country.

The Advisory Board of the Woco Group appoints the CEO, who is directly responsible for all activities.

1.3.2 Management

The management of the Woco Group consists of the CEO, CFO and COO.

CEO Michael Lorig:

Michael Lorig has over twenty years of experience in the automotive industry. After studying at RWTH Aachen (mechanical engineering) and TU Munich (aerospace engineering), he began his career at Rolls-Royce in 1996 as Team Leader Supplier Management. He continued his career at BMW as Purchasing Manager. In 2007, he took over responsibility for sales and marketing at SaarGummi as Global Director and subsequently became Managing Director of SaarGummi International GmbH. As COO, he led CQLT SaarGummi Germany to success following a reorganisation in 2011 and, as CEO, was responsible for the group's growth to its most recent annual turnover of €635 million with 6,340 employees.

Michael Lorig has been responsible for the Woco Group as CEO since 1 October 2019.

CFO Kolja Kress:

After training as an industrial sales representative, Kolja Kress completed a bachelor's degree in business information systems and a master's degree in strategic finance at night.

Kolja Kress then spent 15 years with Honeywell, a publicly listed US company, in various roles, including Group and Investment Controller and Head of Finance for Europe, and most recently as Global CFO for the Global Fire and Security Products division. From 2018, he was Managing Director and CFO of BHTC, an international Tier 1 automotive supplier.

Kolja Kress has been CFO of the Woco Group since 1 April 2023.

Joachim Geimer:

Joachim Geimer held various positions at Veritas AG from 1988 to 2001, most recently as Head of Fluid Technology System Development. He then took on overall global responsibility for several product market segments in the automotive sector as Vice President at Continental ContiTech AG. In 2016, he moved to NORMA Group SE in the role of President EMEA.

Joachim Geimer has been COO of the Woco Group since September 2018.

1.3.3 Guidelines

At Woco, sustainability is a fundamental attitude that determines the way we think and act in all areas of the company. The Woco Group assumes social responsibility and fulfils the requirements of the sustainability context. Profitability, new product ideas, innovative manufacturing processes and motivated and qualified employees are the basis for actively shaping the future and a prerequisite for Woco's long-term success.

This basic attitude motivates us to critically examine our approach and past performance and to optimise our continuous improvement process in the area of sustainability. Particularly in view of the transformative forces of the market, the needs of stakeholders and the foreseeable wide range of future requirements resulting from the EU Green Deal, the Executive Board has decided to develop a sustainability strategy in 2021, with the help of external support, which will be reflected in the transformation goals of the Woco Group.

Our aim is to be as well prepared as possible for the dynamic developments in ESG in order to meet market and customer requirements. The objective is to ensure socially responsible and sustainable corporate development as part of our corporate strategy.

In doing so, Woco is guided by international frameworks that enable future-oriented, sustainable development for current and future generations. We are committed to a future worth living in our shared world. That is why we support the Sustainable Development Goals, which came into force in January 2016. They are the political goals of the United Nations (UN) to ensure sustainable development on an economic, social and ecological level and serve Woco as a framework for integrating sustainability into the corporate strategy. The SDGs relevant to Woco are described in more detail on the relevant pages of the Sustainability Report.

Our actions are also based on other international frameworks, such as the OECD Guidelines for Multinational Enterprises, the ILO Core Labour Standards or the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the resolutions of the 2015 Paris Climate Change Conference (COP 21).

The Paris Agreement was adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in Paris in December 2015 and entered into force in November 2016. The signatory countries commit to limiting global warming to well below 2°C and, if possible, to 1.5°C above pre-industrial levels. (The Paris Agreement - Source: German Federal Environment Agency)

Woco is creating the fundamental mechanisms for the implementation of ESG (Environmental, Social, Governance) requirements through corporate management that is geared towards sustainable business models and takes into account the needs of the market and all stakeholders, as well as environmental and social aspects.

1.3.4 Sustainability Management

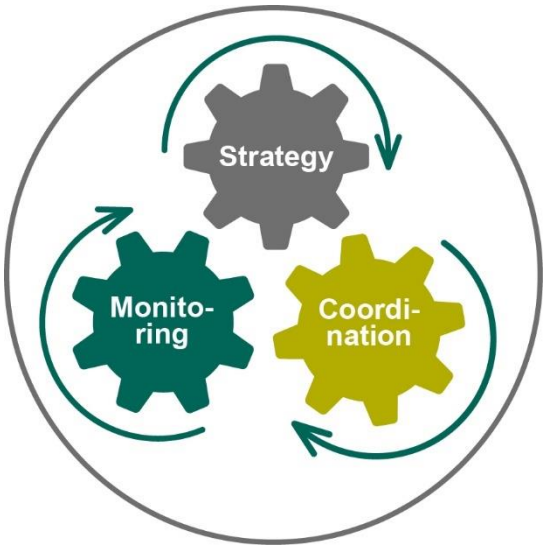
Sustainability as a Group-wide issue for all organisational units: Our previous central themes of ethical responsibility, production and value creation, and employees and society have been adapted to future market requirements as part of the strategy consultation and are now divided into the themes E (Environment), S (Social) and G (Governance), which have been combined into a single sustainability strategy.

Our previous responsibility structures for sustainability have been aligned with the new organisational structure to be implemented in 2022. As part of the ESG strategy consultation, the associated responsibilities for the respective functional managers/areas have been defined.

As part of an extensive process to develop the sustainability strategy, regular dialogue took place with all specialist departments, segment management and the Executive Board in 2021 and 2022. Various workstreams were held to raise awareness and provide information on future requirements. This intensive dialogue, which lasted almost a year, involved a comprehensive transfer of knowledge, and the joint development of the strategy increased acceptance of the future course of action. Senior management was involved in this process.

The core sustainability team remains the central organisational unit. All key departments and the CFO are represented. Regular dialogue takes place on all relevant ESG issues.

Management:
- Overall responsibility for ESG strategy & all milestones



Central organisational unit:
Sustainability core team

Participants:
- All key specialist departments/ -responsible incl. CFO

Tasks:
- Joint progress review
- Coordination and decisions on strategic issues
- Reflection on important external developments
- Joint review of the appropriateness of the ESG strategy, processes and organisation

Meetings & Decisions:
- Quarterly
- On an ad hoc basis in the event of important new internal or external developments
- Moderation by ESG function

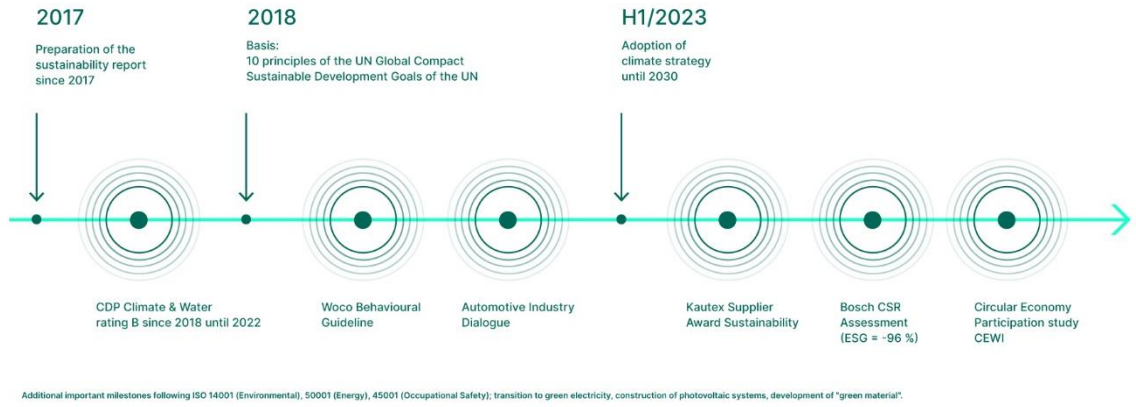
ESG-Team:
- Essentially a co-ordinating, facilitating role, with responsibility for reporting and methodological advice.

1.4 Materiality assessment

1.4.1 Sustainability performance

Changes in the distribution market (coronavirus pandemic, war in Ukraine, material supply bottlenecks) and the Woco 2020+ project, which was implemented in 2022, have meant that we have not summarised our performance in a publicly accessible sustainability report in recent years.

We have successfully implemented the continuous improvement process, which we outlined in the 2019 report. This is reflected in various external assessments that evaluate the Woco Group's sustainability performance. Despite the ever-increasing demands, we have managed to keep our standards at a consistently high level over the years.



CDP-Bewertungen Climate Change

Climate Change 2022	2022	Non-public	Submitted	B	A-
Climate Change 2021	2021	Non-public	Submitted	B	B-
Climate Change 2020	2020	Non-public	Submitted	B	B
Climate Change 2019	2019	Non-public	Submitted	B	B
Climate Change 2018	2018	Non-public	Submitted	B	B

Water Security 2022	2022	Non-public	Submitted	B-
Water Security 2021	2021	Non-public	Submitted	B
Water Security 2020	2020	Non-public	Submitted	B-
Water Security 2019	2019	Non-public	Submitted	B-
Water Security 2018	2018	Non-public	Submitted	B-

Upon completion of the project and implementation of the new organisational structure, we will present our ESG activities transparently to all stakeholders in the form of a sustainability report. The content will be based on the requirements of the GRI framework and the regularly updated materiality matrix. Starting with the 2022 reporting year, we will publish sustainability reports annually.

The Woco Group's sustainability reports are approved by the Executive Board in consultation with the shareholders.

GRI reporting is a good way for us to systematically prepare for the EU's mandatory sustainability reporting through the CSRD (Corporate Sustainability Reporting Directive) and the standardised reporting content of the ESRS (European Sustainability Reporting Standards). Our findings to date have already been incorporated into this report. In preparation for the reporting obligations resulting from the EU Sustainable Finance Framework / EU Taxonomy, Woco joined a Sustainable Finance project group at the VDA in 2021.

Next Steps

- Redesign of our homepage with a dedicated ESG section
- Publication of ESG news on the homepage throughout the year
- From 2023, annual sustainability reporting in line with GRI 2023-2025
- 2023-2025 Implement processes to meet CSRD and EU Taxonomy requirements
- 2026 Publication of non-financial report in line with CSRD and taxonomy requirements

1.4.2 Materiality assessment

The materiality analysis serves to identify sustainability issues that are of central importance to Woco and its stakeholders. The results are incorporated into the sustainability reporting and serve as the basis for strategy development.
The materiality analysis determines which sustainability topics are of central importance to Woco and should be the focus of sustainability management and reporting. Environmental, social and business considerations should all be taken into account when determining the materiality of the topics.

This resulted in the following sub-steps:

1. **Composition of typical ESG topics**
2. **Creation of a Shortlist**

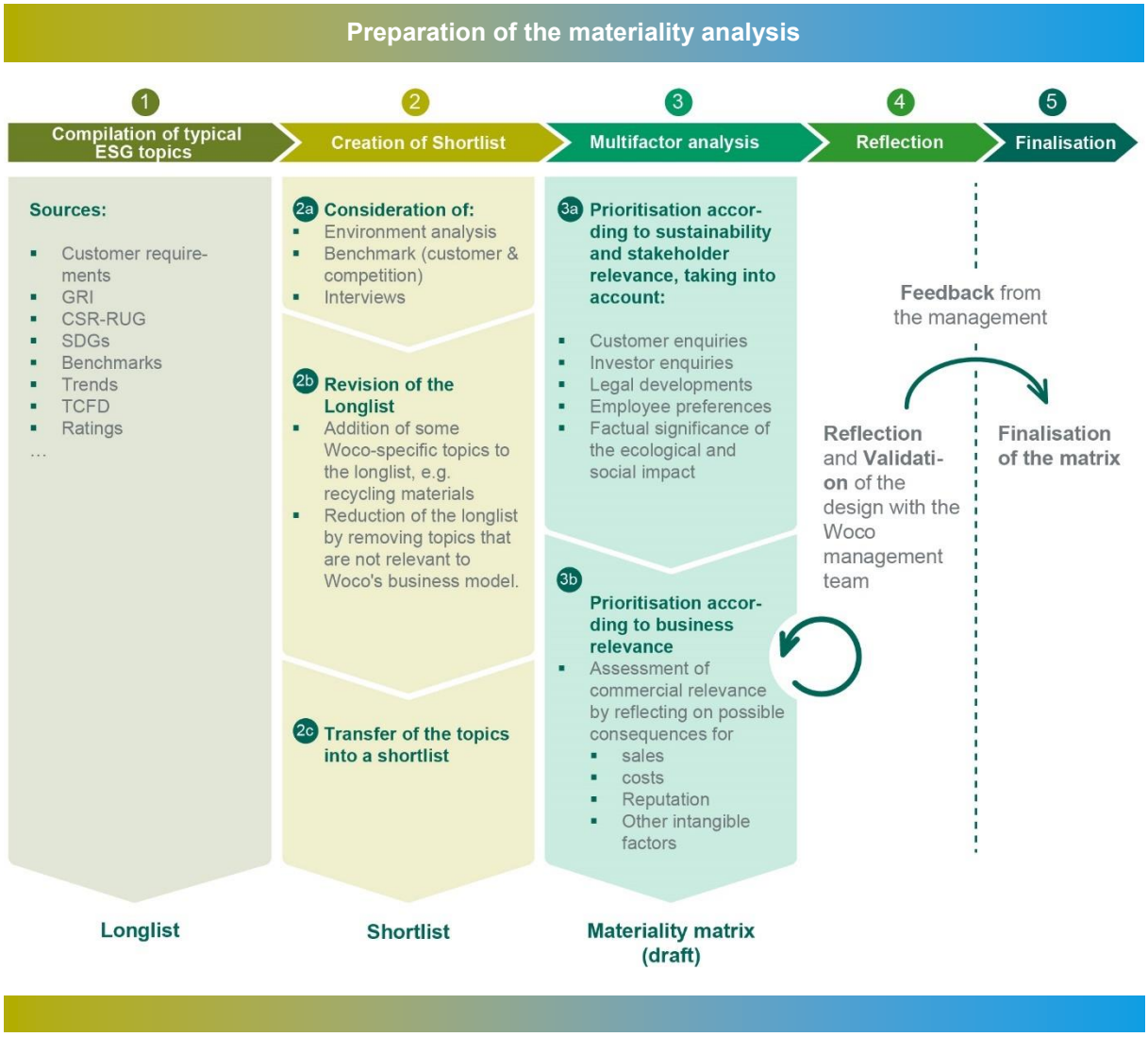
   Results of the environmental analysis: Based on an overview of regulatory, rating and customer requirements, the relevance of the topics for E, S and G has been determined. Overarching customer requirements and strategic implications are taken into account, as is an overview of the subject areas of customer requirements along the value chain.

   Woco's sustainability activities in comparison with the competition: The sustainability benchmark is based on the quality and content of the reports.

   Woco managers' current view of Woco's activities: Interviews were conducted with executives and management to determine the current importance in each specialisation area, the future performance required (3-5 years), the assessment of Woco's ESG performance and the resulting level of ambition.

3. Multi-Factor-Analysis

Assessment and correlation of materiality based on multi-factor analysis: The different scores in the materiality matrix result from assessments of the significance of the external requirements, the business relevance and the actual environmental and social impacts of the topics.
The relevance of each topic has been grouped into environmental, performance, social and governance issues in relation to legislators, donors, customers, employees and actual environmental and social impacts, which are not necessarily reflected in stakeholder opinions.
Woco's materiality analysis is already based on the principle of dual materiality, which is applied in the Corporate Sustainability Reporting Directive (CSRD) that applies to Woco, in order to consider both business relevance and sustainability and stakeholder relevance.

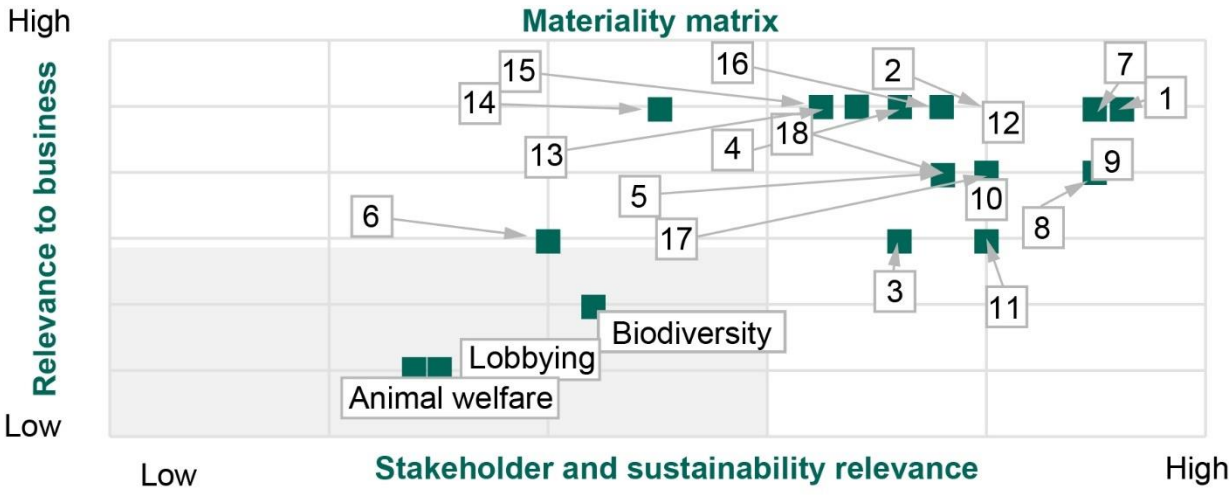


Proposed materiality threshold: All topics with a score of > 3 in one of the two dimensions are to be considered material.

The topics below the materiality threshold do not prove to be significantly relevant to the business, nor do a significant number of stakeholders show significant interest in Woco's behaviour in relation to these topics. Woco's actual impact on these topics can also be considered to be relatively low.

1.4.3 Material topics for the Woco Group

The material topics are explained in the respective chapters of the sustainability report.



Environment:

1. **Decarbonisation:**
   Measuring and reducing Woco's energy consumption and emissions
2. **Rrecyclates & renewable raw materials:**
   Procurement, identification and use of recycled or renewable raw materials
3. **Raw material recycling**:
   All approaches to the implementation of measures that enable the circular use of raw materials
4. **Product ecological footprint:**
   Measuring and reporting the ecological impact of the product along its life cycle and disclosing key life cycle information
5. **Operational environmental protection:**
   All measures relating to personnel, organisation, work processes and workplaces that serve to protect the environment.
6. **Adaptation to the impacts of climate change:**
   Adaptation to the physical impacts of climate change such as floods, heat, drought, etc.

Governance:

7. **Ethics, integrity:**
   Ensuring compliance with and implementation of ethical principles and integrity
8. **Due diligence obligations in the supply chain:**
   Fundamental management of social and environmental issues in the upstream chain
9. **Risk management**:
   Structures, processes and responsibilities to classify, prevent or minimise risks
10. **ESG Governance**
    Structures and responsibilities for monitoring and implementing ESG issues; Collective awareness within Woco of social and environmental factors
11. **Transparency of sustainability performance**
    All external and internal communication on Woco's sustainability performance and efforts

Performance:

12. **Innovation:**
    Investments in the innovation of sustainable products or to support sustainable business activities
13. **Economic performance:**
    Ensuring the economic viability of the company
14. **Digitalisation & data:**
    Supplementing or replacing analogue processes and information with digital technology systems for processing information, communicating or simulating physical processes

Social:

15. **Employee development & qualification:**
    Training and further education of the workforce
16. **Occupational health and safety:**
    Prevention of health problems caused by work activities, associated occupational diseases or work-related illnesses
17. **Diversity and equal opportunities:**
    Inclusion as well as removal of barriers for minorities, other religions, women and mothers/fathers
18. **Rights of female and male employees:**
    All statutory rights of workers, such as fair pay, holidays and freedom of association

The comparison with the materiality matrix from 2017 to 2019 shows that the topic of sustainability is becoming increasingly complex, and the requirements are therefore becoming more stringent. It also shows that business relevance, which can be seen in the Performance section, is becoming more important. The key topics from 2017-2019 have maintained their importance. Despite the continuous improvement process, these topics are still included in the Woco Group's catalogue of targets and measures.

Key Topics 2022		Key topics 2017–2019	
02: Performance	▪ Innovation ▪ Economic performance ▪ Digitalisation and data		
04: Employees	▪ Employee development and qualification ▪ Occupational safety and health ▪ Diversity and equal opportunities	**Employer**	▪ Working conditions and employment ▪ Health and safety at work
03: Climate Change	▪ Decarbonisation ▪ Adaptation to the consequences of climate change	**Ecology**	▪ Energy and greenhouse gas emissions
03: Material utilisation/ Circular economy	▪ Recyclates and renewable raw materials ▪ Circularisation of raw materials	**Products**	▪ Sustainable products
03: Ecological footprint of products	▪ Ecological footprint of products		
03: Environmental pollution	▪ Operational environmental protection		
05: Business Conduct	▪ Ethics, integrity	**Compliance**	▪ Compliance with laws - anti-competitive behaviour ▪ Customer health and product safety products ▪ Anti-corruption
02: Workers in the value chain	▪ Due diligence in the supply chain	**Supply chains**	▪ Sustainable procurement
05: Governance	▪ Risk management		
05: Governance	▪ ESG – Governance		
01: Business portrait - materiality	▪ Transparency of sustainability performance		

Next Steps

- Due to the dynamic nature of the increased requirements, we will review the materiality matrix developed in 2021/2022 in 2024 and expand the number of stakeholder groups.

2 Performance

By continuously developing our products, processes and materials as well as the development of customised and independent solutions, we offer a product portfolio that supports our customers in managing the technological transition from the internal combustion engine to electromobility. New business models and products for e-mobility need to be established and are already in place.

The target picture developed in the ESG Strategy 2021/2022 for the Performance action area is as follows:

Woco's economic performance and quality promise go hand in hand with the continuous optimisation of its sustainability performance, which is consistently aligned with the diverse needs of Woco's customers.

The materiality analysis results in the following material topics:

- Innovation
- Economic performance
- Digitalisation and data

2.1 Economic Performance

2.1.1 Management, policies, objectives, action plans and responsibilities

The strategic direction of the Woco Group has been redefined for 2021 and 2022 and the following transformation targets have been adopted:

Focus on core competences
Focus on regional markets
Independence from the internal combustion engine

In monthly performance review meetings with the management of the production units, the implementation of rationalisation measures and quality improvement programmes to increase efficiency will be validated and their impact on the key financial figures reviewed. Weekly SIOP reviews (Sales, Inventory, Operations Planning) supplement the plant management.

2.1.2 Opportunities and Risks

Woco, like the entire automotive industry, is affected by the risks and opportunities arising from the imminent transition to alternative drive technologies such as electric or hybrid vehicles. Woco has identified and assessed the potential impact and likelihood of this risk and developed a risk management strategy: The existing product portfolio is being evaluated and adapted for use in electric or hybrid vehicles, new solutions are being developed and new markets are being explored.

Forecasts from business, politics and industry show that the technological change in the powertrain from internal combustion engines to electrified powertrains is accelerating.
This development is based, among other things, on the decision of the EU member states to reduce CO2 emissions by at least 37.5% by 2030 compared to 2020 (95 g/km). Current developments with the introduction of the EU7 emissions standard from 2025 and the EU Fit for 55 programme will further accelerate the hybridisation/electrification of vehicles. The EU has now decided to phase out vehicles with conventional internal combustion engines from 2035. From that date, newly registered vehicles will not be allowed to emit CO2.

Other economies, such as the People's Republic of China, the largest market for passenger cars, are also following this trend and will massively reduce emissions from 2030 at the latest in order to meet the targets set out in the Paris climate agreement.

Nevertheless, based on relevant forecasts, it can be assumed that the internal combustion engine will remain the dominant drive type in the global automotive market beyond 2030 - taking into account far-reaching optimisations to reduce emissions and CO2 - in conjunction with the aforementioned hybridisation (MHEV, HEV and PHEV). In addition, fuel cell vehicles will create many synergies with existing internal combustion engine technologies (adaptation developments).

The change in drive technologies described above will require new and optimised products and manufacturing processes from suppliers. In addition to the central Research & Development department, the Woco Group has established a New Energy Vehicles ("NEV") division in 2019, using existing staff resources, which will work on new products for future drive concepts and implement so-called "lighthouse projects" for the above-mentioned business units, from acquisition to series production.

This will support a customer-oriented focus on future products that utilise Woco's established expertise.

Hybrid drives, fuel cell drives and, ultimately, purely electric drives offer the Woco Group new business opportunities for sustainable product solutions in the areas of thermal management, noise vibration harshness (NVH) and sealing.

New development work has been carried out on the peripheral areas of the battery modules, such as burst and vent valves and particle filters for the battery box. Work is also continuing on solutions for rapid and targeted heat dissipation from the battery cells, and on optimising the lightweight construction of the battery box and unit carriers.

Thermal management for BEVs presents new opportunities and challenges for the Woco Group. In particular, orders for modules for BEVs have been received from well-known international manufacturers. The Woco Group is responsible for the overall system and manages well-known major suppliers. The foundations laid in research and development (R&D) (innovative seals, tubeless designs with a high degree of integration) are convincing our customers internationally and are being systematically expanded. In the Thermal Management segment in particular, the transition to BEV has already been largely implemented in new products.

In the Air Guides segment, which is almost 100% dependent on the ICE drive, no further R&D expenditure or investments will be made.

In addition to established technologies in the fields of thermal management and S-NVH, the Woco Group is also working on development projects for air intake and exhaust systems and water separators for the targeted discharge of the resulting process water.

Further, the Woco Group's market position is being secured by the innovative further development of products from current activities to optimise combustion engines. The growth markets in the emerging economies offer additional opportunities to sell existing products and product technologies through cost-effective customised developments.

We expect that the Woco Group's many years of experience and consistent use of its product and industry expertise will enable it to position itself successfully in the product segments. In the future, the Woco Group's market position is to be consolidated and expanded through product solutions for new drive technologies (electrification) and the supply of new market participants (e.g. Tesla, Lucid).

The reorganisation of the Woco Group also affects areas that are not part of the automotive market. Here, too, synergies will be used to accelerate market development and offer customers added value through comprehensive support.

2.1.3 Indicators

Contrary to expectations, the impact of the coronavirus pandemic and the resulting far-reaching measures to contain the spread of the infection had less of an impact on the Woco Group's sales during the reporting year. As a result, the first half of the year was already promising, with planned figures being exceeded. This trend continued in the second half, despite the war in Ukraine and the associated increase in semiconductor shortages. Overall, sales increased by € 48.8 million to € 614.2 million (previous year: € 565.5 million) as a result of the general market recovery and the successful passing on of material prices.

2.2 Digitisation

As an international company, the Woco Group must be able to process a large amount of data in order to achieve its business objectives, perform its tasks and fulfil its obligations. The protection of data collected from customers, employees, contractors or other third parties is just as important as the protection and safeguarding of the Woco Group's expertise.

Extract from Woco's corporate policy:

- As a global company, the Woco Group processes a large amount of data and information in order to achieve its business objectives, fulfil its tasks and meet its obligations. The protection of data and information created or provided by customers, employees, contractual partners and other third parties, as well as the protection of the Woco Group's expertise, is a central and important corporate objective. An Information Security Management System (ISMS) has been introduced to achieve this objective, i.e. to protect information from external and internal threats, to ensure the continuity of business operations at all times and to minimise damage in the event of incidents. Guidelines define technical and organisational measures that ensure an appropriate level of information security for the Woco Group.

- A Data Protection Management System (DSMS) has been set up to safeguard personal data. The Woco Group's special interest in protecting personal data goes far beyond the legal obligation to protect personal data. All technical and organisational measures to protect personal data are designed to prevent unwanted intentional or accidental access, modification or deletion.

The Information Security Policy (IS) is part of Woco's strategy and is incorporated into the integrated management system.
In addition, an overarching guideline on information security and data protection has been adopted. It describes the organisational structure, the interacting roles and the processes and procedures of the Woco Group's Information Security Management System (ISMS) and Data Protection Management System (DSMS). The guideline serves as a guide and documentation of the Integrated Management System (IMS), which comprises the ISMS and the DSMS.
The target group of the guideline is the management responsible for the design of the IMS as well as the employees of the security and data protection organisation in all companies.

The Woco Group will gradually introduce TISAX certification at various production sites. TISAX® is a cross-company testing and exchange procedure for information security in the automotive industry. It deals with the protection of data, its integrity and availability in the manufacturing process and in the operation of vehicles.

This is achieved by means of an Information Security Management System (ISMS) similar to the ISO 27001 standard, on the basis of which the VDA has developed the specific ISA requirements and test catalogue for the automotive sector. The effectiveness of an ISMS can be verified by means of assessments (audits) against the VDA ISA. If the assessment, e.g. by TÜV NORD, is successful, ENX issues a TISAX® label to the administrator of the TISAX® programme in its database.

In addition, our IT environment is being transformed into a modern workplace - Woco365:
2022, we have jointly reviewed many internal company processes and launched related digitalisation projects. From digital employee meetings and data management with Power BI to augmented reality in product presentations, they have all played a key role in driving digitalisation at Woco.

2.2.1 Opportunities and Risks

As processes are digitised, the attack surface for cyber attacks on companies is increasing. The Woco Group is responding to this risk with a cyber security roadmap until 2025 as part of its transformation, coordinated with packages of measures to implement risk mitigation under the leadership of the relevant transformation office and IT management.

2.2.2 Indicators

There have been no substantiated complaints about breaches of customer privacy or loss of customer data.

2022: The TISAX label was acquired in two plants in order to guarantee the basic protection of IT security.

2023: Further plants will follow

2.3 Innovation

2.3.1 Management, guidelines, objectives, action plans and responsibilities

Woco's entire product portfolio is divided into product segments. We are aiming for a product portfolio that focuses on sustainable growth areas, in particular x EVs in the automotive business and sustainable products.

Exiting the legacy business and focusing on promising segments is both a challenge and an opportunity for the coming years. The move away from the internal combustion engine requires a gradual reorganisation of Woco's product segments.

To minimise the associated risks and prepare for this challenge, Woco has embarked on a strategic realignment of its product portfolio, which will begin in 2021 and continue in 2022 and beyond.

2.3.2 Risks and Opportunities

Hybrid drives, fuel cell drives and, ultimately, all-electric drives offer the Woco Group new business opportunities for sustainable product solutions in the areas of thermal management, noise vibration harshness (NVH) and sealing.

New development activities have emerged in the peripheral area of battery modules, such as the burst and vent valves and particle filters for the battery box. Work is also continuing on solutions for rapid and targeted heat dissipation from the battery cells, as well as lightweight optimisation of the battery box and unit carriers.

A large number of new orders for the Woco Group, particularly for thermal modules for use in electric vehicles, are evidence of the successful start to the transformation. The same applies to product concepts in the area of oil cooling for electric motors and their transmissions, which the Woco Group was able to place on the market thanks to its existing expertise in the production of plastic components.

In 2022, the Woco Group further intensified its sustainability activities in the area of research and development. Material development and substitution projects are particularly worthy of mention. In the field of thermoplastics, several recyclates have been qualified. These replace original materials made from fossil raw materials, closing the loop in the sense of a circular economy and significantly reducing the CO2 footprint of our products.

In the area of elastomers, we are developing new, more sustainable materials that are being used in initial pilot projects with customers. We are observing that the trend towards sustainable products with closed material chains and low CO2 footprints continues to grow strongly on the customer side.

2.3.3 Indicators

The success is already reflected in the order intake. In 2021, 39% of all incoming orders in the automotive product segments were already independent of the combustion engine.
In 2022, we were able to further increase the proportion of orders not related to the combustion engine, so that 74% of new orders are now independent of the combustion engine.

3 Environment

As an energy- and material-intensive manufacturing company, the environmental impact of our operations has always been at the heart of our sustainability efforts. The significance of environmental impacts is driven amongst other things by the specific requirements of legislators, customers, and other stakeholders.

The target image developed in the ESG strategy for the environmental field of action is as follows:

Woco meets today's ecological challenges beyond legal requirements and in line with our customers' sustainability strategies.
Woco pursues a differentiated innovation strategy in which the proportion of environmentally friendly and circular economy-oriented products is continuously increased.

This results in the following material topics from the materiality analysis:

- Decarbonisation
- Adaptation to the consequences of climate change
- Section: Climate change
- Operational environmental protection
- Section: Environmental pollution
- Recyclates and renewable raw materials
- Circularisation
- Section: Circular economy and recyclates
- Ecological footprint of products
- Section: Ecological footprint

Our previous focus on the Global Compact has been extended to include other internationally recognised guidelines such as the OECD Guidelines and the ILO Core Labour Standards. These requirements are also taken into account in our new Woco Code of Conduct, which was published in May 2023. In this way, we want to continue to contribute to the achievement of the UN's SDGs.

Our Code of Conduct is the central document of our commitment to all stakeholders. The Code of Conduct was launched in 2017 and revised in 2022. It has been available to all stakeholders on our website since May 2023.

These principles are complemented by the Woco Corporate Policy, which applies to the entire Woco Group.

Our environmental policy sets out clear areas of action and principles that focus on production, logistics and development. The environmental impact of our products in the downstream value chain is included, as is the performance of our own suppliers and service providers.

Extract from Woco's corporate policy:

- The product philosophy is characterised by environmentally friendly products and forward-looking solutions, avoiding the use of supply chains that are not socially responsible.
- Woco favours resource-saving development, production and logistics.
- We support the requirements for implementing a circular economy and always keep the entire product life cycle in mind.
- The impact of our products and processes on the environment is reduced through continuous improvements in product development and product realisation processes.
- We protect the environment, including natural resources such as water, soil, air and genetic diversity, in order to minimise resource consumption and environmental impacts (emissions, pollutants, waste).
- We are constantly working to reduce greenhouse gas emissions.

3.1 Climate change: decarbonisation and adaptation to climate change

Limiting climate change is one of the greatest challenges of our time. One of Woco's guiding principles is to comply with the requirements of the 2015 Paris Climate Agreement to limit global warming to well below 2 degrees or 1.5 degrees.

As a company, we are required to integrate the associated challenges into our business model and position ourselves for the future. Woco's transformation goals are reflected in the Woco strategy, which was developed in 2021/2022.

3.1.1 Decarbonisation - climate strategy according to SBTi

Since 2017, Woco has continuously established and optimised a climate management system and reported on it annually as part of the CDP Supply Chain Climate Change questionnaire. Over the years, Woco has consistently achieved a good "B" rating, despite continuously increasing requirements.

The Woco Group's intensive engagement with the issue of climate change and its activities in various stakeholder projects also prompted it to participate in a corporate appeal to the new German government in 2021, calling for climate neutrality by 2045. This initiative was launched by the 2 Degrees Foundation.

In order to further systematise our work internally, we have developed a climate strategy in line with the requirements of the SBTi (Science-Based Targets initiative) following the completion of our ESG strategy. We announced this in our last report.
The development of a consistent transition plan is a priority for Woco that will be addressed over the next few years. In this context, we will adapt our internal production processes and our product portfolio in line with the company's overall goals in the fight against global climate change.

In 2022, Woco, with external support, developed and adopted a climate strategy to reduce emissions based on the SBTi requirements. This was submitted to the SBTi for validation at the end of 2022.

The Woco Group is committed to reducing absolute GHG emissions according to Scope 1 and 2 by 46.2 % by 2030, starting from the base year 2019.

The Woco Group is also committed to reducing absolute Scope 3 GHG emissions by 27.5 % in the same period.

A clear emissions reduction target has been set, reflecting a clear emissions reduction pathway to 2030 in line with the Science-Based Targets (SBT). This provides the Executive Committee, segment managers and business unit managers with clear guidelines on the annual emission reductions required to achieve the specified emission reduction pathway by 2030.
These guidelines define emission reduction paths for all areas, which have been communicated to the relevant departments.

In order to implement an emissions reduction strategy, we will continue to engage in extensive discussions with our customers and suppliers to expand our existing activities in the area of Scope 2 and Scope 3 emissions, as these account for the largest share of our operational carbon footprint. Together with our customers and suppliers, we aim to implement our new climate strategy in line with SBT's short and long-term goals, through process adjustments, more sustainable material solutions or opportunities to gradually increase our consumption of renewable energy.

During the reporting year, the Executive Board adopted several climate-related targets and measures:

The first concrete steps we are already taking towards a comprehensive transition plan include

- Setting science-based targets in 2022
- Purchasing electricity exclusively from 100% renewable sources at all our German sites by 2023
- Feasibility studies for in-house production of renewable energy through photovoltaic systems
- Continuous increase in the proportion of recycled materials (from 3% to 9% in 2022)
- Development of alternative polymer blends; we have invested in a new R&D centre to achieve this goal
- Continuous improvement of energy efficiency at all production sites

Woco, like the entire automotive industry, is affected by the risks and opportunities arising from the upcoming transition to alternative drive technologies such as electric or hybrid vehicles.
After identifying and assessing the potential impact and likelihood of risks, the company has developed an appropriate management strategy: The existing product portfolio is being evaluated and adapted for use in electric or hybrid vehicles, new solutions are being developed and new markets are being explored.

Energy Consumption

The production and processing of plastic parts requires electrical energy to heat the plastic moulds. Other important processes are the vulcanisation of elastomers and assembly.

Electricity consumption is therefore determined by the direct energy consumption of production facilities and secondary consumers such as compressed air and lighting. Warehouses and office buildings, as well as the fuel consumption of the vehicle fleet, play a lesser role.

Woco's supply chain also includes processes and industries with relatively high energy requirements, such as the production of plastic raw materials or metal products. In order to minimise the resulting impact on the environment, Woco attaches great importance to sustainable procurement.

The following table shows the energy consumption of combustibles, fuels, electricity and district heating in 2019, 2020, 2021 and 2022:

*	2022 (GJ)	2021 (GJ)	2020 (GJ)	2019 (GJ)
Diesel	9.334,42	3.586,05	10.275,37	11.184,24
Petrol	3.293,39	2.301,90	2.130,08	1.706,00
Natural Gas	492,77	38.144,42	38.813,35	39.481,56
LPG	*0*	492,77	505,94	2.398,25
Burning Oil	1.955,30	1.985,71	2.291,49	2.291,49
Total	15.075,88	46.510,84	54.016,24	57.061,55

*	2022 (GJ)	2021 (GJ)	2020 (GJ)	2019 (GJ)
Electricity	382.836,48	368.023,57	343.121,83	393.296,51
Green Electricity	31.404,29	32.264,01	0	0
District heating	9.403,20	10.508,40	7.665,29	8.549,64
Total	423.643,97	410.795,98	350.787,12	401.846,15

Woco procures its electricity from regional and national suppliers; the electricity mix meets the supplier-specific standards.

Our production site in Kronach will obtain 100% of its electricity from renewable sources from 2021. We will switch to 100% renewable energy at all German sites in 2023. Other sites will follow.
In addition, all sites are gradually being assessed for the possibility of generating their own electricity using PV systems. For example, the first system will be installed on the roof of our production plant in China in 2022. Further systems have already been approved for 2023.
All off-site energy consumption is reported as Scope 3 emissions under GRI 305-3. It is not possible to report consumption separately. Scope 3 emissions are calculated according to the international guidelines of the Greenhouse Gas Protocol.

Energy Efficiency
The topic of energy efficiency is addressed as part of the DIN ISO 14001 environmental management system implemented for all production sites. In addition, the Woco Group's management system has been expanded to include energy management (based on DIN ISO 50001).

As a result, a continuous improvement process is taking place at all production sites. Energy efficiency and energy management are fundamental goals. Due to the heterogeneous nature of the product range, energy targets are set according to local conditions.

Achievement of individual targets is regularly monitored and summarised in the internal management review. To this end, the effectiveness of environmental management in achieving our environmental targets is evaluated and, if necessary, adjustments are initiated.
Training is provided at least once a year as part of the management systems. As a result, all employees worldwide are made aware of the issue and can contribute their ideas as part of the Woco suggestion scheme.

In the manufacturing industry, the efficient use of energy in production processes is an important cost factor. Especially in view of the price distortions triggered by the war in Ukraine, the issue of energy efficiency is becoming even more important. The implementation of energy efficiency measures is also an important approach to reducing emissions.
The current energy intensity is ≈ 74,196 GJ/FTE.

However, the increasing automation of production processes increases the direct energy consumption of production facilities, making energy efficiency an important procurement criterion.

Greenhouse gas emissions
Since the 2016 financial year, the Woco Group has calculated its corporate carbon footprint, including the relevant upstream and downstream indirect emissions. The company-wide greenhouse gas balance was carried out in collaboration with DFGE - Institute for Energy, Ecology and Economy in accordance with the Greenhouse Gas Protocol (GHG Protocol).

- Includes: direct emissions from fuel use (Scope 1), indirect emissions from energy procurement (Scope 2) and other relevant indirect emissions (Scope 3).
- Greenhouse gases analysed: CO2 as well as CH4, N2O, HFCs, PFCs, SF6, NF3.
- All emissions are presented in CO2 equivalents (CO2e).
- Reference period: calendar year 2019 (base year SBT)
- Consolidation approach: operational control (excluding minority interests)
- No relevant biogenic emissions

We have changed the calculation method as part of the development of our climate strategy. Our starting point - 2019 - has been included in the recalculation. The data for 2019, 2021 and 2022 are therefore comparable.

Corporate Carbon Footprint

Absolute emission values per scope and category

Scope	Category	2022	2022	2021	2021	2019 (recalc)	2019 (recalc)
		[t CO_2e]	[%]	[t CO_2e]	[%]	[t CO_2e]	[%]
	Combustion - Motor vehicles	934	< 1 %	406	< 1 %	910	< 1 %
	Combustion - within company facilities	1,940	1 %	2,109	< 1 %	2,488	< 1 %
	Fugitive Emissions	--	--	--	--	--	--
	Process Emissions	--	--	--	--	--	--
Scope 1	Sum Scope 1	2,874	1 %	2,515	< 1 %	3,398	< 1 %
	Purchase of Electricity	55,550	15 %	50,598	11 %	62,246	11 %
	Purchase of Steam	--	--	--	--	--	--
	Purchase of Heat	446	< 1 %	498	< 1 %	406	< 1 %
	Purchase of Cooling	--	--	--	--	--	--
Scope 2	Sum Scope 2**	55,996	16 %	51,096	11 %	62,652	12 %
Upstream	Purchased goods and services	252,106	67 %	355,294	75 %	400,997	74 %
	Capital Goods	7,651	2 %	19,290	4 %	25,619	5 %
	Fuel and energy-related activities (not included in Scope 1 and 2)	15,386	4 %	14,195	3 %	14,156	3 %
	Upstream transport and distribution	18,929	5 %	17,423	4 %	21,244	4 %
	Waste generated in operations	1,584	< 1 %	1,198	< 1 %	1,553	< 1 %
	Business travel	45	< 1 %	41	< 1 %	670	< 1 %
	Employee commuting	7,700	2 %	8,265	2 %	8,027	1 %
	Upstream leased assets	--	--	--	--	--	--
Downstream	Downstream transportation and distribution	3,425	1 %	2,839	< 1 %	4,657	< 1 %
	Processing of sold products	10,241	3 %	--	--	--	--
	Use of sold products	--	--	--	--	--	--
	End-of-life treatment of sold products	1,101	< 1 %	277	< 1 %	440	< 1 %
	Downstream leased assets	--	--	--	--	--	--
	Franchises	--	--	--	--	--	--
	Investments	--	--	--	--	--	--
Scope 3	Summe Scope 3	318,169	84 %	418,821	89 %	477,363	88 %
	Total	**377,039**	**100 %**	**472,432**	**100 %**	**543,413**	**100 %**

Typical for manufacturing companies is the large proportion of emissions generated during the production of materials and preliminary products purchased by Woco. As in previous years, "Purchased goods & services" is a hotspot category. It accounts for more than 2/3 (252,106 tonnes of CO2e) of total emissions in 2022. Our activities in this area are described in the Materials Use - Circular Economy section. The importance of the supply chain is particularly evident here.

Woco has not achieved sufficient reductions for the Scope 1 and Scope 2 targets in recent years. Currently, 'only' 1.6% is missing to reach the target. There is some potential for reducing Scope 2 emissions: as already decided, all German plants will switch to green electricity. The other hotspot countries will then be addressed.

An important indicator in this context is the CO2 intensity of business activities, as it can also provide information on progress made independently of changes in, for example, production volumes. The relative emissions per turnover for recent years are shown in the table below.

	2019	2020	2021	2022
Employees	5.950		4.949	4.600
Turnover (Million €)	730		565	614
Scope 1 (t CO_2e)	3.398		2.515	2.876
Scope 2 (t CO_2e)	62.652		51.096	55.996
Scope 3 (t CO_2e)	477.363		418.821	318.69
Total (t CO_2e)	543.413		472.432	377.039
Emissions per Turnover (t CO_2e/ Million €)	744,4014		836,1628	614,07
Emissions per Employee (t CO_2e/ Million €)	91,3299		95,46009	81,965

Woco continued to reduce absolute emissions, although the disruptions caused by the coronavirus, the war in Ukraine and supply chain disruptions in 2021 had a negative impact on this process.

Year	Measures	Description/Category	CO_2-Saving (t CO_2e)
2022	Solar PV (photovoltaics)	Low-emission energy generation	350,8
2022	Lighting	Energy efficiency in buildings	83,75
2022	Lighting	Energy efficiency in buildings	285,54
2022	Lighting	Energy efficiency in buildings	13,43
2022	Compressed air	Energy efficiency in production processes	254,3
2022	Lighting	Energy efficiency in buildings	52,62
2022	Waste heat recovery	Energy efficiency in production processes	219,25
2022	Waste heat recovery	Energy efficiency in production processes	105,24
2022	Machine/device replacement	Energy efficiency in production processes	18
2022	Substitution of process material	Reduction of non-energetic industrial process emissions	111,32
2022	Insulation	Energy efficiency in buildings	5.202
2022	Lighting	Energy efficiency in buildings	34
2021	Energy efficiency in buildings	Heating, ventilation and air conditioning (HVAC)	140,77
2021	Lighting	Energy efficiency in buildings	17,27
2021	Lighting	Energy efficiency in buildings	21,59
2020	Lighting	Energy efficiency in buildings	20,34
2020	Changing procurement	Corporate policy or behavioural change	0,89
2020	Process optimisation	Energy efficiency in production processes	220,72
2019	Lighting	Energy efficiency in buildings	36
2019	Process optimisation	Energy efficiency in production processes	223
2019	Compressed air	Energy efficiency in production processes	23
Summe			**7.433,83**

3.1.2 Adaptation to climate change

Woco has categorised the risk of natural disasters such as floods, storms or hurricanes and the resulting disruption to infrastructure as relevant.

These can have a direct impact on our operations or be felt throughout our supply chain. Possible effects include temporary production interruptions or increased operating costs.

In order to manage these risks, we implement monitoring measures that enable us to take early action to prevent impacts, and we have taken out comprehensive insurance cover that further reduces our exposure in this regard.

3.2 Environmental pollution

3.2.1 ISO 14001 to improve environmental performance

ISO 14001 defines the requirements that an organisation can use to improve its environmental performance. The standard also specifies how the company can fulfil its legal and social obligations.

Environmental management involves the early identification of environmental opportunities and risks, and compliance with legal requirements for all the company's operations and products. Environmental management also aims to create sustainable behaviour in relation to employees.

External certification to ISO 14001 confirms that a system is in place that contributes to continuous improvement. The measures developed from the environmental aspects serve to promote environmental protection and improve environmental conditions.

The larger sites have their own environmental management officers. At the other sites, this responsibility falls within the remit of the plant managers. Internal and external environmental audits are used to monitor the standards set.

We have achieved our goal of having all production plants in the automotive sector certified to ISO 14001. New plants are gradually being included in this certification process. We have also introduced ISO 14001 certification in the non-automotive sector. With the exception of a few smaller plants, we have also achieved ISO 14001 certification.

The sites themselves are responsible for implementing specific measures and for complying with the applicable laws.

The topic of environmental protection is included in the training courses held at least once a year for the DIN ISO 14001 environmental management system implemented at all production sites. As a result, all employees worldwide are made aware of the issue and can contribute their ideas as part of Woco's employee suggestion scheme.

Compliance with legal requirements is assessed in separate audits. If deviations are found, these are corrected in the factories.

In addition, employees can report observed and suspected violations either directly to the Compliance Office or to the internal reporting centres via the reporting channels published in the Woco Code of Conduct.

3.2.2 Assessment of environmental aspects

The Woco Group's environmental aspects and the resulting environmental impacts are assessed and updated in accordance with group-wide ISO 14001 procedures.

The environmental aspects are recorded for each Woco site and include both direct and indirect environmental impacts. These are to be recorded using a standardised set of forms and include the material topics:

1. Water, Waste, Water
2. Soil protection and storage
3. Air, odours, dust and noise
4. Energy
5. Waste
6. Safety (Hazard analysis and emergency planning)

Significant environmental impacts are assessed against defined criteria. Based on their significance, the environmental aspects are prioritised, targets are set, and actions are determined with responsibilities, deadlines, verifiability and resources. These measures are used to define the environmental programme for each site and to set environmental targets. Once the measures have been effectively implemented, a reassessment is carried out.

3.2.3 Responsible management of chemicals

Responsible chemicals management, i.e. the life cycle of chemicals including handling, storage and disposal, is also included in the management specifications for ISO 14001.

Here, too, a Group-wide procedural instruction describes the rules for handling hazardous substances and goods that must be observed in the Woco plants. Hazardous substances must be approved prior to procurement and may only be procured with an up-to-date safety data sheet (not older than 2 years).

The measures relate to occupational safety and environmental protection. For this reason, coordination between those responsible is necessary in individual cases. By regulating the handling of hazardous substances, the aim is to minimise hazards and stress for people and the environment, prevent accidents and thus reduce downtime. This objective is also served by the continuous search for substitutes to replace hazardous substances with less hazardous or non-hazardous substances, or to reduce the quantity of hazardous substances used.

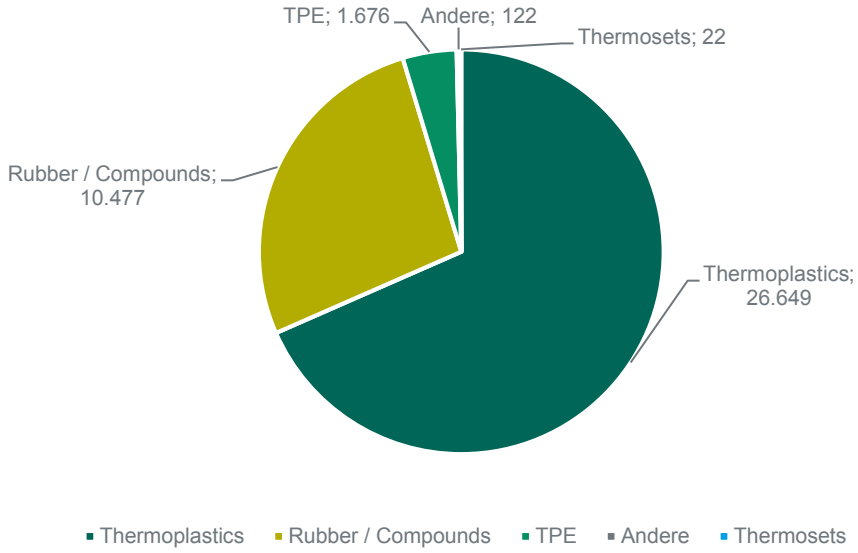
3.3 Material utilisation - circular economy

Woco requires various raw materials and preliminary products to manufacture its products. Woco also purchases components and parts on a large scale. The most important material groups in terms of volume are plastic granulates (thermoplastics and thermoplastic elastomers) and elastomer compounds.

The table below shows the main groups of materials purchased. With the exception of natural rubber, all raw materials are derived from non-renewable materials.

Raw Materials (Scope 3: Purchased Goods & Materials)		
Thermoplastics	26.649	t
Rubber / Compounds	10.477	t
TPE	1.676	t
Other	122	t
Thermosets	22	t
Total	**38.945**	**t**

Raw materials in tonnes



In addition to these product-related topics, the use of recycled materials, the reduction of scarce or resource-intensive materials, and the reuse of products at the end of their life cycle are particularly important for a company's sustainability.

Resource efficiency will become increasingly important in the coming years as certain raw materials become scarcer. The sensible use and increased recyclability of materials will therefore become increasingly important.

In 2022, the Woco Group has further intensified its sustainability activities in the area of research and development. We have observed that the trend towards sustainable products with closed material chains and a low CO2 footprint continues to grow strongly on the customer side.

On material-related issues such as the procurement, testing and use of recycled materials, we are working closely with customers to make the transition to alternative materials. As part of Woco's own product development process (PDP), the availability of materials, such as recycled materials, is checked by the purchasing department.

The Research and Development department, which is centrally organised at the headquarters, plays a leading role in optimising product-related sustainability. This is where the foundations are laid for innovative materials, products and production processes.

3.3.1 Recyclates

In order to be able to offer customers alternative materials, we have been conducting extensive testing on the usual technical specifications for various recycled materials since 2018.

These activities are ongoing, and we continue to actively seek dialogue with customers to present alternatives and enable increased use of recycled materials.

Substitution projects in 2022 are particularly noteworthy. In the field of thermoplastics, several recyclates have been qualified. These replace original materials made from fossil raw materials, closing the loop in terms of the circular economy and significantly reducing the carbon footprint of our products.

In 2022, the proportion of recyclates has been increased to 9%.

Table Use of recyclates since 2018

2018	3 %
2019	5 %
2020	6 %
2021	7 %
2022	9 %

Figures in tonnes - exclusively quantities processed at Woco without purchased parts.

3.3.2 Emission-optimised primary materials, bio-based materials

In addition to the use of recyclates, the use of CO2-optimised primary materials is another option for reducing emissions. If market availability, specific quality requirements or the price speak against the use of recyclates, primary materials can be offered to customers.

Bio-based materials are also being considered as an alternative. However, the impact on other environmental aspects must be taken into account, which may lead to conflicting objectives.

3.3.3 New development of more sustainable materials

Our materials and process expertise, in particular our in-house production of elastomer materials with specific property profiles, gives us a unique position in the market. This materials and process expertise also plays an important role in supporting the transformation of our product portfolio.

The material development projects in 2021/2022 are particularly noteworthy in this respect. In the area of elastomers, we are developing new, more sustainable materials that will be used in initial pilot projects with customers.

We will again have the associated emission reduction potential externally verified and present the data in the next Sustainability Report.

3.3.4 Circular Economy

topic of circular economy is an essential part of achieving the European and German climate targets and will also play a key role in the conservation and availability of resources.

The potential associated with the circular economy is therefore also part of Woco's climate strategy and material use activities.

The potential associated with the circular economy can be summarised as follows:

- ✓ Substitution of raw materials and materials
- ✓ Closing material cycles
- ✓ Increasing product and material efficiency
- ✓ Extending the service life and more efficient utilisation of products

It is through dialogue with stakeholders that new ideas can emerge, and the company's own practices can be challenged. This is why Woco has participated in several multi-stakeholder initiatives.

2021: Circular economy in family businesses: Study on challenges, solutions and recommendations for action by the Family Business Foundation (completed)

2021-2022 Ongoing: Participation in the project: CEWI - Circular Economy as an Innovation Driver for a Climate Neutral & Resource Efficient Economy (https://www.cewi-projekt.de/)

3.4 Ecological Footprint

3.4.1 PCF (Product Carbon Footprint)

In addition to the corporate carbon footprint as the basis for reducing emissions in the Woco Group, the product-related product carbon footprint (PCF) is increasingly taking the centre stage.

The product carbon footprint is a key figure that shows the total amount of greenhouse gas emissions during the life cycle of a product. The corporate carbon footprint balances direct and indirect GHG emissions at the company level.

The PCF thus represents the sum of greenhouse gas emissions and removals in a product system, expressed in CO2e and based on a life cycle assessment using the single impact category of climate change.

We have been following this topic since 2021 and formed an internal team from the central ESG and ES department in 2022 to lead discussions on calculation methods and system boundaries. The discussion on the PCF methodology includes many considerations on the different benefits and objectives in different applications. It is important to note that the specific benefits for an accounting organisation will depend heavily on the individual objectives it is pursuing.

The PCF can help companies to implement more climate-friendly production and thus achieve the goal of environmentally friendly consumption. In addition, an emission-optimised PCF can be used as an advantage for customer enquiries.

The influencing variables are known from the CCF calculations: Material, production and logistics. To improve the accuracy of the calculation, we are in constant dialogue with our suppliers to incorporate primary data.

We are striving for a software-supported calculation of the PCF in order to be able to take this value into account in the Woco processes and the internal product development processes (PEP). We have therefore looked at several providers and their options for 2022.

In 2023, we will decide how to proceed and which software to use.

From 2024, we want to present the potential for change of the various influencing factors in comparative calculations.

3.4.2 PEF (Product Environmental Footprint)

The PCF refers exclusively to the greenhouse gas impact of a product and ignores other environmental aspects. This means that the PCF cannot be used to make a statement about the environmental performance of a product.

If other environmental impacts, such as land use, biodiversity or toxicity, have a greater impact, the PCF may lead to incorrect product assessments and recommendations for action. For this reason, in addition to our PCF activities, we will be following the EU discussions on the Product Environmental Footprint (PEF) in order to be able to react at an early stage.

3.4.3 Digital product pass

The Digital Product Pass is intended to promote the circular economy through standardised data.

As part of the CEWI project, Woco will be involved in the Digital Product Passport project group from 2021. CEWI - Digital Product Passport sub-group: https://www.cewi-projekt.de/fokus-automobil/ergebnisse/idee-1-cyberfruehstueck-produktpass/

As part of this stakeholder initiative, we would like to accompany the discussions and developments and prepare for the foreseeable legal obligation for the Digital Product Passport (DPP).

The legislation at EU level pursues the following objective: Structuring environmentally relevant data in a standardised, comparable format enables all stakeholders in the value and supply chain to work together towards a circular economy. The digital product passport is also an important basis for providing consumers with reliable information and for making sustainable consumption decisions in both bricks-and-mortar and online retail.

According to the legislator (BMU), the DPP should contain a wide range of data: The digital product passport is a data set that summarises the components, materials and chemical substances or information on the repairability, spare parts or proper disposal of a product. The data originates from all phases of the product lifecycle and can be used in all these phases for various purposes (design, manufacture, use, disposal).

3.4.4 Dialogue with stakeholders

We also meet with market participants to discuss recycled materials and lifecycle analysis, sharing our experiences and generating new approaches and ideas. For example, we are involved in the joint project with the Rezyklate Kunststoffinstitut Lüdenscheid and are in constant dialogue with our raw material suppliers.

Next Steps:

- As part of the SBTi emissions reduction targets, we assessed the different categories and defined measures and targets. We have defined 24 individual KPIs with corresponding annual targets. These are assigned to the relevant business areas. A priority list has been established, initially covering the years 2023 to 2025.
- Annual review of target achievement SBTi for all KPIs
- Gradual increase in the proportion of recycled materials, emission-optimised primary materials and bio-based materials, depending on customer material specifications, specific quality requirements, market availability and price.
- Verification of emission reduction potential of new material developments by an external partner
- 2023: Gradual increase in the share of renewable sources in electricity procurement
- 2023/2024: Target agreement with hotspot countries
- 2023: Generate our own electricity through additional PV systems at our production sites in China and France
- 2023/2024: Successive review of additional sites for own power generation
- Ongoing review and implementation of energy efficiency measures at all Woco production sites

- Global training on Woco's climate strategy
- Integration of environmental due diligence obligations into the Woco Code of Conduct and the Supplier Code of Conduct
- Material development projects: external verification of emission savings data
- 2023: Decision on PCF calculation software tool
- 2024: Integration of PCF data into Woco processes as a basis for decision-making for internal and external requirements
- 2023: Systematic collection of emissions data in the supply chain (first step with raw material suppliers)
- 2024: Establish PCF comparison calculations
- 2023: Consider developments for an industry standard automotive PCF calculation
- 2023: Monitor developments at EU level
- 2023: Participate in CEWI Digital Product Passport project
- 2023: Follow EU Digital Product Passport requirements and Cantena-X industry initiatives

4 Social

Qualified and motivated employees are the Woco Group's greatest asset. They ensure the company's productivity, quality and innovative strength and are committed to meeting customer expectations. We therefore want to establish ourselves as an attractive employer with an above-average level of satisfaction in order to remain globally competitive.

Woco is aware of its responsibility as an employer and creates jobs with positive working conditions and fair pay, both in terms of the health and safety of employees and temporary workers.
The target image for the social field of action developed in the ESG strategy 2021-2022 is as follows:

Woco's employees value Woco as an excellent employer that meets and fulfils individual development needs and life situations in a balanced way and for which health, diversity, equal opportunities and participation are firmly anchored values. Woco's suppliers pay attention to compliance with international social standards and work together within the framework of industry initiatives.

The material topics arising from this are:

- Employee development and qualifications:
  - Training hours and career plans
- Occupational health and safety:
  - Health and Safety System Coverage: Lost Time Injury Frequency Rate
- Diversity and equal opportunities:
  - Gender Diversity (New Hires) - Incidents of Discrimination
- Employee rights:
  - Due Diligence Incidents

4.1 Employees

Our previous focus on the Global Compact has been expanded to include other internationally recognised guidelines, such as the OECD Guidelines, the ILO Core Labour Standards and the UN Principles on Business and Human Rights. In this way, we want to continue to contribute to achieving the UN's Sustainable Development Goals.

The core document of our commitment to all stakeholders is our Code of Conduct. The first version of the Code of Conduct was introduced in 2017.

Since 2017, all employees have had the opportunity to use an internal complaints mechanism. The procedure and contact points have been and will continue to be communicated to employees during mandatory induction or transfer processes.

The Code of Conduct was revised in 2022. It has been available to all stakeholders on our website since May 2023.

By October 2023, we will establish a whistleblower system that will be available to all stakeholders. The whistleblower system will enable our employees, business partners and other stakeholders to report potential compliance breaches. As with our previous system, we will take all reports seriously and guarantee confidentiality and anonymity for whistleblowers who wish to do so.

Our principles are supplemented by the Woco Corporate Policy, which applies to the entire Woco Group:

Extract from Woco company policy:

- Reliability, openness, trust and mutual appreciation are the cornerstones of the Woco Group's corporate culture. We live this culture together with our business partners and employees, and it is the basis for close and successful cooperation.
- Employees are actively involved in the implementation of corporate policy.
- Achieving ambitious goals in the market requires outstanding performance from all employees. Motivation is the most important driving force at Woco, and managers promote it in a targeted manner.
- All employees contribute to occupational health and safety by using the equipment provided as intended and by contributing ideas and suggestions for the continuous improvement of occupational health and safety conditions. Our managers act as role models and are aware of their special responsibility in this regard.
- At Woco, we provide safe and healthy working conditions to prevent work-related injuries and illnesses. In addition, we are committed to eliminating hazards and minimising health and safety risks.

The focus of our work in recent years has been on human rights due diligence and occupational health and safety.

As already outlined in the 2019 Sustainability Report, we took human rights due diligence into account as a first step, both for our own sites and for the supply chain. The UN Principles on Business and Human Rights served as a reference point.

In order to implement the UN Principles as part of a national action plan, industry stakeholders from companies, associations, trade unions, civil society organisations and other initiatives decided to develop solutions together with the Federal Ministry of Labour and Social Affairs as part of an industry dialogue to improve the human rights situation along the global supply and value chains of the German automotive industry.

We at Woco have been part of the automotive industry's Multi-Stakeholder Forum process since 2020. This is made up of relevant stakeholders from the automotive industry and civil society with expertise in human rights risks in automotive supply and value chains.
The Automotive Industry Dialogue has developed guidelines for the five core elements of human rights due diligence (policy statement, risk analysis, action, reporting and grievance mechanism).

These guidelines are self-contained and fully address the requirements of the NAP. The requirements of the LkSG are also taken into account and labelled separately. The implementation-oriented guidelines act as a toolbox and guardrails for the individual and ongoing process of implementing human rights due diligence obligations.

The Guidelines were presented in September 2002. They should be seen as a 'learning journey', as implementation can only take place in collaboration with partners, customers, employees, and suppliers.

We will use the guidelines as a guide in implementing the requirements of the NAP and the LkSG and will explain our approach to the core elements in our next sustainability report.

4.1.1 Employee development and qualifications

Number of employees

Employee development, qualification and retention are becoming increasingly important as the competition for skilled labour intensifies. As a result, the associated processes are becoming more systematic in order to increase strategic controllability.

In addition, digital technologies now make it possible to systematise many HR management processes very efficiently.

The global, digitally supported systematisation of employee development, qualification and retention programmes is therefore a key HR objective that we want to have implemented by the end of 2024. In this context, we will optimise data collection, define KPIs and optimise reporting by 2024 at the latest.

Implementation will be managed by the central HR department in consultation with segment and plant managers.

Headcount development has been influenced by the internal reorganisation process "Organisation 2020+". At the headquarters in Bad Soden-Salmünster, a reconciliation of interests and redundancy plan was negotiated with the works council with effect from 30 November 2022.

Further reductions in the number of employees were mainly due to changes in sales caused by the Covid-19 pandemic and additional disruptions in global supply chains. The automotive sector has been and continues to be particularly affected.

Although the disruptions to global supply chains resulting from the pandemic receded during 2022 and had a stabilising effect on employee numbers, Russia's war of aggression against Ukraine in February 2022 and the resulting refugee crisis created significant challenges.

The strategic realignment of the Woco Group also continued at the organisational level. The direct allocation of our global production sites to the newly created product segments and the ongoing transformation have led to a significant change in the required global skill profiles of our employees, which are being shaped by HR alongside the ongoing demographic change.

- An average of 4,757 people (previous year: 5,092) were employed worldwide (excluding trainees), of whom 20% (previous year: 22%) were employed in Germany and 80% (previous year: 78%) abroad.
- In the reporting year, an average of 4,723 (previous year: 4,757) employees (excluding trainees) were employed worldwide, of whom 19% (previous year: 20%) worked in Germany and 81% (previous year: 80%) abroad.
- In the reporting year, an average of 4,740 (previous year: 4,723) employees (excluding trainees) were employed worldwide, of whom 18% (previous year: 19%) worked in Germany and 82% (previous year: 81%) abroad.

The positive side-effects of the measures taken during the pandemic (e.g. mobile working, reduction of travel activities, digitalisation initiatives) were continued or, in some cases, firmly established within the Group.

Region	Year	Total Headcount	Of which in training	Of which Temporary	Inactive Employees	Total headcount without inactive	Temporary employees	FTE
Europa	2019	3.586	108	414	239,2	3347,0	491,3	3.838,3
	2020	3.419	111	319	222,0	3.197,0	231,3	3.428,4
	2021	3.361	107	246	244,7	3.116,3	256,7	3.373,0
	2022	2453	79	103	213	2330,0	279,0	2603,0
Americas	2019	1.102	0	0	3,0	1.099,0	105,7	1.204,7
	2020	1.027	0	0	0,0	941,0	225,1	1.166,1
	2021	950	0	0	9,0	1.015,0	4,0	1.019,0
	2022	1238	3	0	7,0	1231,0	8,0	1239.0
Asia	2019	685	2	224	0,0	685,0	754,0	1.439,0
	2020	640	0	211	0,0	640,0	694,0	1.334,0
	2021	694	0	174	0,0	694,0	636,0	1.330,0
	2022	844	0	344	0,0	844,0	618,0	1462,0

(Reporting date 31.12)

The figure "Total employees (total headcount)" corresponds to the number of people, in terms of headcount, who have a fixed-term or permanent employment contract with Woco. Inactive employees (parental leave, leave of absence, long-term illness, etc.) are shown in a separate column. In addition, a part-time correction factor is included in the reported number of 'inactive employees' in order to add a weighting corresponding to working hours to the pure headcount analysis.

Temporary employees are also taken into account. These include agency workers, temporary staff, graduate students and interns. The number of temporary employees is also adjusted by the part-time correction factor.

Worldwide statistics on the number of full-time and part-time employees are not available because of the wide variety of working time models used in different countries.

Training and career plans

Against a backdrop of demographic change, skills shortages, the growing importance of work-life balance and increasingly complex work requirements, we face the challenge of attracting and retaining well-trained employees. As part of our personnel, team and organisational development, we want to prepare today for the changes of tomorrow and always create the best possible conditions for further development.

Employee training and development forms the foundation for long-term corporate development. Woco aims to provide its employees with targeted qualifications through continuous and needs-based training and personnel development. To emphasise the importance of this topic, it is part of the Woco Code of Conduct.

The development process at Woco encompasses technical, methodological, leadership, language and IT skills. In addition to the development of individual employees, the rapid and disruptive changes in the automotive industry require flexibility in the development of new teams, local and international cooperation or the development of entire organisational units.

- Around € 2.2 million was spent on education and training measures in 2020.
- Around € 2.3 million was spent on training measures in 2021.
- Around € 1.9 million was spent on training measures in 2022.

Annual performance reviews are also held. The achievement of the previous year's objectives is discussed with the line manager and the objectives for the current year are defined. The assessment of functional, IT, language and Woco competencies is part of the meeting. Participants in the appraisal are asked to make an independent assessment, which is evaluated as part of the appraisal.

The employee interviews are also used to determine further training measures, which are then coordinated by the relevant HR departments.

In 2022, Woco introduced the topic of "Talent Management" worldwide.

At Woco, we understand talent management as a systematic and controlled process that essentially comprises two key factors for the success of a company. The first is the systematic process of succession planning and long-term personnel planning (focus: position). Succession planning involves defining selected positions that are critical to success. This ensures that these positions remain filled by identifying potential successors who are able to fill these positions in the short and medium term.

Secondly, a systematic approach is used to identify and develop talent (focus: people). Talent development enables us to identify employees with clear potential for further development and to prepare them for promotion to specialist or management positions.

The gradual introduction of talent management takes place in several phases:

- Ensuring that key positions remain filled
- Retention of high potentials and talents
- Ensuring transparency with regard to existing potential and talent
- Minimising business risks that can arise from short-term, unplanned fluctuations.

Work-Life-Balance

We offer various working time models to improve the compatibility of work and family life. Country-specific legal requirements are taken into account and trade unions are involved where applicable.

Working hours

As Woco, we comply with the legal requirements of the respective countries. Where there are no such regulations, we follow the relevant ILO conventions. These are defined in the Woco Code of Conduct. The Woco Code of Conduct is available to all stakeholders via the homepage.

4.1.2 Occupational health and safety

Woco's responsibility for the safety and health of its employees extends to all employees, temporary workers and visitors employed by Woco. Woco's responsibility for external companies operating independently on Woco's premises is limited, as we have no authority to issue instructions.

In a manufacturing company with processes that require the use of machinery and chemicals, specific hazards may arise depending on the workplace.

In the Woco Code of Conduct - Version 2.0, we have defined the issue of health and safety for all stakeholders.

It is part of the integrated management system for implementation at our sites. This fulfils the necessary requirements of an occupational health and safety management system based on ISO 45001. It ensures that all production sites establish an appropriate internal management system.

This means that appropriate responsibilities, annual targets and actions are defined at each site. The resulting activities of the internal management system are under the responsibility and leadership of the site management, which assesses the effectiveness and compliance of the health and safety programme as part of the management review.

In addition, we have the functionality of the system confirmed by external certification, as already announced in the 2019 Sustainability Report.

From 2020, we will be able to have 80% of our production sites externally certified to ISO 45001.

Due to the disruptions caused by the coronavirus pandemic, not all production sites have yet participated in an external certification process. Full coverage of all production sites is planned for the coming years.

Woco also expects its suppliers to comply with all legal requirements and to be actively committed to occupational health and safety.

The key performance indicators in this area include the number of accidents, total lost time and standardised indicators such as injury rate and lost day rate, all based on the 2018 calendar year.

The key figure "number of accidents at work, including near misses" is part of the monthly performance report from the plants to management. Corresponding action plans are drawn up on an ongoing basis.*

Key accident figures

		Accidents			Absences	Rate of absence days	Injury rate
	Reporting year	1–3 Tage	> 3 Tage	Total	Hours	Absence in working hours 1 million	Accidents, hours works, 1 million
Europa	2019	7	48	55	6.020,0	897	8,2
	2020	9	42	51	4.089,6	840	10,5
	2021	8	11	19	1.137,0	383	6,5
	2022	7	17	24	3.374,0	812	5,6
Americas	2019	12	14	26	3.999,0	1.713	11,1
	2020	2	17	20	4.485,0	1.830	8,2
	2021	16	0	16	1.170,0	616	8,4
	2022	2	4	6	2.679,0	995	2,2
Asia	2019	88	1	16	88,0	46	8,5
	2020	72	1	12	72,0	36	6
	2021	0	0	0	0,0	0	0
	2022	0	9	9	680,0	225	3,4

4.1.3 Diversity and equal opportunities

As a global company, Woco has a large number of employees with very different cultural backgrounds. Diversity is one of the factors in our corporate environment that makes us successful and contributes to the diversity of the Woco family.

In order to establish a common denominator for cooperation, we have the Woco Code of Conduct as a central set of rules, which was introduced in 2017 and will be published in a new version from May 2023.

The focus is on the personality of our employees. We promote cooperation based on partnership, diversity and tolerance and reject any form of discrimination.

Fair Remuneration

All employees are entitled to fair and non-discriminatory remuneration.
Woco adheres to the collective agreements applicable in each region and country. In countries where collective agreements are in force, we comply with the minimum national requirements.

Parental Leave

As a family-owned company, we want to actively support the compatibility of work and family life. For example, we provide basic information on parental pay, parental pay plus and parental leave, as well as an information sheet for all employees at our German sites via our intranet. There is also an information sheet (available to all) on the obligations of line managers in relation to maternity protection.

We are particularly concerned about the reintegration of employees on parental leave. Regular communication during the parental leave period should be emphasised. Almost without exception, employees returning to work at German sites are reintegrated into their original areas of work.

4.1.4 Employee rights

Discrimination incidents

The Woco Code of Conduct, which was explained to all employees as a binding instruction during the onboarding process or as part of a transfer, describes the contact possibilities in detail.
In addition, the risk coordinators in the plants and the country-specific HR departments are available as contacts at all times.

As part of our complaints mechanism, which is implemented through the Code of Conduct, there have been no incidents of discrimination up to the end of 2022.

Collective labour agreements

As described in our Code of Conduct, we at Woco respect the rights of our employees to freedom of association, assembly and collective bargaining. Where freedom of association and collective bargaining are restricted by law, we will endeavour to find alternative ways to comply with the principles of ILO Conventions No. 87 and 98 and local laws to the best of our ability.

Depending on the region and country, Woco is bound by the applicable collective labour agreements. In countries where there are no collective agreements, we comply with the minimum national requirements.

Due to the heterogeneous requirements, Woco therefore does not keep statistics on the percentage of employees covered by existing collective agreements.

4.2 Labour in the value chain

In order to fulfil its full social and environmental responsibilities, every company needs to manage its supply chain systematically and over the long term to minimise the associated risks.
Unforeseen events, such as the coronavirus pandemic and the associated supply shortages, water shortages and natural disasters, as well as stricter environmental regulations, can lead to price increases or supplier cancellations and thus affect a company's own operations.

Key societal imperatives such as decarbonisation, promoting the circular economy or implementing due diligence obligations can only be achieved by working closely with the supply chain.

4.2.1 Due diligence in the supply chain

The most important work since 2020 to implement the due diligence obligations has been our participation in the automotive industry dialogue on the implementation of the UN Guiding Principles on Business and Human Rights. The resulting guidelines for action, published in September 2022, will serve as a guideline for our further activities, both in the supply chain and at our own production sites.
The objective and results of this work can be found at
https://www.csr-in-deutschland.de/DE/Wirtschaft-Menschenrechte/Umsetzungshilfen/Branchendialoge/Automobilindustrie/automobilindustrie.html

A detailed presentation of all key topics will be provided in the Sustainability Report 2023.

4.2.2 Evaluation of suppliers

Here is an overview of Woco's activities in the supply chain:

- Woco implemented a Supplier Code of Conduct in 2015.
- The Supplier Code of Conduct is part of our contracts with direct and indirect suppliers.
- Suppliers register online. As part of this registration process, we have also integrated questions on sustainability performance.
- The supplier evaluation process takes sustainability performance into account alongside other quality requirements.

practices, such as whether they have an environmental management system, a code of conduct or a sustainability report.

We carry out this assessment for suppliers representing 70% of our purchasing volume; in 2022, around 59% of these suppliers had such measures in place. Our aim is to increase this number. We are focusing primarily on suppliers in our core Polymer Technology product area.

Next Steps

- We will establish a whistleblowing system by October 2023 that is accessible to all stakeholders.
- In implementing the requirements of the NAP and LkSG, we will follow the guidelines and explain our approach to the core elements in the next Sustainability Report.
- The global, digitally supported systematisation of employee development, qualification and retention programmes is therefore a key HR objective that we aim to have implemented by the end of 2024.
- Full ISO 45001 coverage of all production sites is planned for the coming years.
- Suppliers are assessed annually on ESG issues, representing 70% of purchasing volume.

5 Governance

For the Woco Group, correct behaviour with integrity is the basis for value-oriented and sustainable corporate governance and thus an important key to economic success. Economic success and a good reputation require that our Group companies, management, shareholders and ultimately all employees comply with the applicable legal framework and generally applicable standards.

The target for governance developed in the ESG Strategy 2021/2022 is as follows:

Woco's management team is aware of its responsibility towards its employees, customers and society and fulfils this responsibility through a clear organisation of the management of sustainability issues and through ethics, integrity and transparency. Sustainability risks in Woco's value chain are handled systematically and carefully.

As a result of the materiality analysis, the following material issues were identified:

- Ethics & Integrity
- ESG - Governance
- Risk management
- Due diligence in the supply chain
  - Chapter: Social - Supply chain workers
- Transparency of sustainability performance
  - Chapter: Business portrait

5.1 Governance, risk management and internal control

5.1.1 Ethics & integrity - compliance management

Due to the importance of this topic, the Woco Group established a comprehensive, centralised compliance management system in 2017. The aim of the Woco Group's compliance management is to ensure compliance with applicable laws, regulations and guidelines and to actively counteract any problems or violations. It serves to avert material damage and avoid reputational damage.

The Code of Conduct is the central instrument of compliance management. As early as 2017, it provided standardised, practically applicable and essential guidance on how to behave with integrity and correctness in everyday business situations. In 2023, the Code of Conduct will be revised and adapted to dynamic requirements.

The compliance organisation is responsible for implementing compliance management. It is closely interlinked with Group-wide risk management.
We have also integrated compliance management into the internal audits conducted by Group Internal Audit.

The tasks of the compliance organisation are divided into the sub-areas of informing - monitoring - documenting, as shown in the following diagram:

Compliance organisation: Tasks

Inform

- Counselling /Prevention
- Provision of regulations
- Realisation of training courses

Control

- Risk analysis/assessment
- Initiating inspections
- Investigation of compliance incidents
- Participation in sanctions
- Initiation of organisational changes

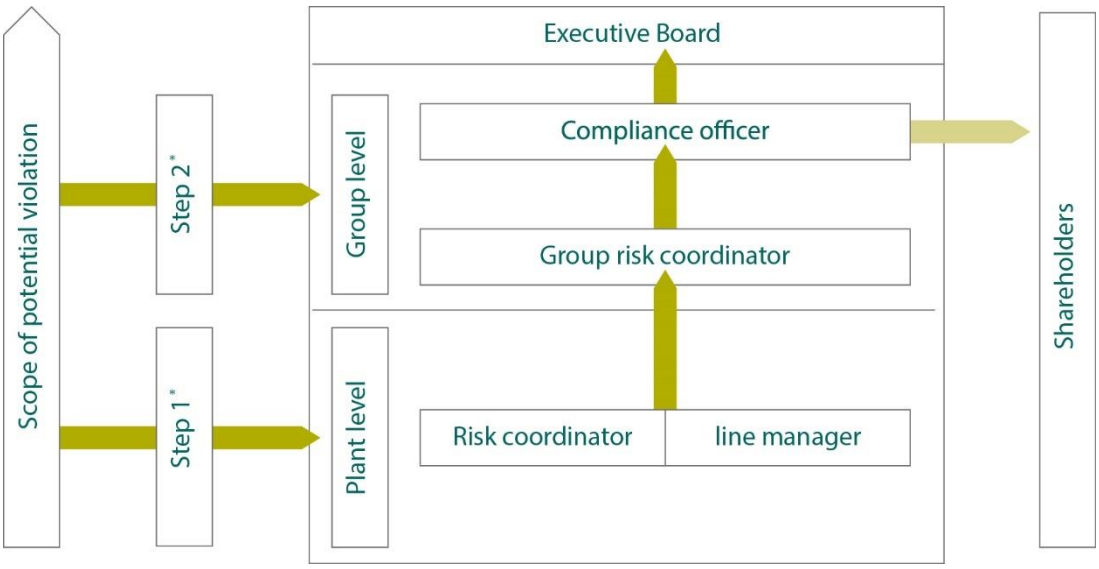
Document

- Obtaining compliance declarations
- Documentation of compliance investigations
- Documentation of sanctions
- Documentation of organisational changes

The Woco Group's compliance organisation is headed by the Group Compliance Officer, who reports to the CFO, as does Risk Management. The Compliance Officer reports to the Executive Board and, if necessary, directly to the shareholders.

The Compliance Officer is responsible for the design and management of information, control and documentation activities. The risk coordinators of the sites or individual companies report to him. They implement the tasks of the compliance organisation at local level and report to the Group Compliance Officer.

Compliance organisation: reporting chain of a violation



* Step 1 only if there are no actual reasons against it

5.1.2 ESG – Governance

As of 2019, sustainability has been placed under the direct responsibility of the CFO in order to achieve a stronger link with economic aspects, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TFCD).

The CFO is also responsible for risk management.

Members of the Executive Committee are required to attend regular ESG briefings organised by the Sustainability Manager. The aim of these training sessions is to provide sufficient basic knowledge to make decisions to optimise the existing sustainability strategy and to plan the corresponding budgets. Upon successful completion of 2 training sessions, a member of management is considered ESG compliant.
The knowledge gained has been incorporated into Woco's new strategy, which has independence from the combustion engine as a transformation goal.

Woco offers products that support our customers in mastering the technological transition from the combustion engine to electric mobility. New business models and products for e-mobility need to be established and are already in place.

5.1.3 Risk management

The Woco Group's risk management approach, which also applies to climate-related risks, is based on the company's current organisational structure. The companies (hereinafter referred to as entities) are each responsible for their own risk management. They are responsible for identifying, assessing, documenting, reporting and managing risks.

Group risk results from the consolidated individual risk areas, supplemented by cross-sectional risks from a Group perspective. On behalf of the Executive Board, Group Risk Management provides the conceptual framework for Group-wide risk management and, through overall coordination, ensures that the requirements of the German Corporate Sector Supervision and Transparency Act are met for the entire Woco Group.

Group risk management covers all areas of our value chain (upstream, direct operations and downstream) and all time horizons (short, medium and long term).

The aim of the risk inventory is to record all risks relevant to the company in a complete and structured manner. Relevant means: existing or future risks that could affect the company. To support the risk inventory, Group Risk Management has defined potential risk areas and risks. Once identified, the risks need to be analysed and evaluated. The aim of the analysis is to identify causes, effects and possible interactions with other risks. All identified risks need to be assessed to determine their potential threat; a risk is rated according to its potential impact (on a scale from insignificant to catastrophic) and probability (on a scale from rare to almost certain). All identified risks should be assessed against this scale. The derivation of a risk assessment must always be comprehensible. In an initial risk assessment, Woco evaluated more than 100 risks in terms of probability of occurrence and potential damage using a special software tool (Qlik).
This risk situation is updated every six months by the reporting entities in the form of a written risk assessment. The report focuses on newly added risks and changes compared to the previous period. The risk reports from the reporting units must be approved in accordance with the dual control principle

(risk coordinator and local process owner) and forwarded to the Group Risk Manager in a timely manner, who then prepares a summary of all Woco Group reports.

5.1.4 Product safety

Product safety encompasses the unconditional safety of our products, both during processing and for the end user of the vehicle or industrial equipment, through to safe recycling or disposal at the end of their life cycle.
A direct impact on vehicle occupants through chemical or mechanical properties is less relevant for our products as they are generally not installed in the passenger compartment. From an internal point of view, reliability, processing and disposal are key issues.

This means that Woco is responsible for the safety of its products in terms of liability and risk. Our activities are based on the provisions of international quality standards as well as industry and customer-specific requirements. In addition to a product safety officer at each production site, the Integrated Management System defines corresponding specifications in the form of procedural instructions that are binding for all Woco plants.

The quality management system for the automotive industry (IATF 1694) takes product safety into account. The certification of all our production sites proves that we meet the requirements for product safety.

Internal audits and monitoring by an accredited certification organisation ensure that the quality system is tested for effectiveness, certified and continuously developed to meet the growing demands of the market.

Woco provides the necessary information on material composition for all products in the automotive sector via the International Material Database System (IMDS). Compliance with the REACH Regulation (European Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals) is monitored. In addition, Woco uses declarations of conformity, e.g. in accordance with RoHS (Restriction of the Use of Certain Hazardous Substances), to prove that the limit values for certain substances are not exceeded.

Any problems are dealt with immediately by the Group's quality management in close coordination with the customer and, if necessary, the relevant authorities.

5.2 Business Code of Conduct

5.2.1 Code of Conduct

The Code of Conduct is the core compliance management tool. As early as 2017, principles were created that provide uniform, practical and coherent guidance on how to behave with integrity and correctness in everyday business situations.

The Code of Conduct applies to all Woco Group companies in Germany and abroad, as well as to all companies in which Woco directly or indirectly holds a majority interest. It also applies to all temporary employees and all those who act on behalf of Woco. All employees are clearly informed about the policy

and the associated rights and obligations. The Code of Conduct covers both internal company processes and external relations with customers, suppliers, politicians, the administration and other parties and individuals.

Our previous alignment with the Global Compact has been extended to include other internationally recognised guidelines such as the OECD Guidelines, the ILO Core Labour Standards and the UN Principles on Business and Human Rights. In this way, we will continue to contribute to the achievement of the UN's Sustainable Development Goals.

These requirements are also taken into account in our new Woco Code of Conduct, which was published in May 2023. The Code of Conduct is available to all stakeholders when it is published on the website.

5.2.2 Training concept

A German and English version of the Code of Conduct is available on the Woco Group intranet and can be viewed by employees at any time. In addition, the German version of the Code of Conduct has been available on the Woco homepage since May 2023. Translations into other languages are provided by the respective plants.

For employees without access to the intranet (especially in production), the provision of a printed version ensures that they are aware of its contents.

The content and background of the Code of Conduct is explained to employees in a company-wide compliance training programme. The training is delivered by plant managers using standardised materials.

The training started in the first half of 2017 and 100% of employees had completed the training by mid-2017. Since then, Code of Conduct training has been mandatory for new hires and transfers. Proof of training is documented for each employee.

Plant managers are responsible for training and are required to have new employees trained.

5.2.3 Complaints mechanism

The Code of Conduct sets out clear guidelines for communicating complaints and reporting violations. Appropriate contacts are in place at both plant level (risk coordinators) and Group level. They can be contacted directly or via a dedicated compliance e-mail address (compliance@de.wocogroup.com) or an emergency number. A form is provided in the appendix to the Code of Conduct to facilitate reporting.

All reports made by employees will be treated confidentially if requested. Employees who report a violation in good faith will be protected and will not be penalised for making a report.

The Compliance Officer will handle incoming reports in the strictest confidence. If necessary, he/she will conduct discussions and further investigations and report all incidents to management.
With the Code of Conduct version 2.0, we will make our reporting system available to all stakeholders via our website. We will maintain the existing internal reporting channels until all employees have been trained on these new processes.

5.2.4 Reported offences

The Group Compliance Officer is recognised by employees in his or her role. Questions are handled by e-mail or clarified at local training sessions.

Written enquiries often confirm that workplace procedures are in line with the requirements of the Code of Conduct. However, questions are also raised on issues outside the Code of Conduct.

No serious cases were reported in the period from 2019 to 2022 in the areas of economic/social matters (socio-economic compliance), corruption or anti-competitive behaviour or environmental matters. There are no known violations and no fines have been imposed.

Next Steps:

- In order to keep pace with the changing market forces and the wide range of future regulatory requirements, we have decided to bring together compliance, ESG and risk management topics in a separate committee. It makes sense to integrate these areas even more closely, particularly in view of the various regulatory requirements and the changes resulting from the EU Green Deal. We have therefore established a Compliance, Risk Management and ESG Steering Committee. This committee reports to all members of the Executive Committee on a quarterly basis on the achievement of the defined measures and the next steps. The committee's findings will be taken into account in the annual sustainability strategy.

- We are optimising our compliance management system with external support.

- We will set up a whistleblower system by October 2023 that is available to all stakeholders.

6 GRI-Index

The Woco Group Sustainability Report has been prepared in accordance with the guidelines of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the GRI Standards: Core' option. The GRI Index shows where the indicators defined by the GRI can be found in the report.

GRI INDEX (Sustainability report 2022)

General Information

GRI-Standard	Disclosure	Title	Page	Completeness	Comments	Reason for omission
2	1	Organizational Details	1-2	Complete		
2	2	Entities included in the organization's sustainability reporting	1	Partially		
2	3	Reporting period, frequency and contact point	1	Complete		
2	4	Restatements of information	4	Complete		
2	5	External assurance	1		No external audit	
2	6	Activities, value chain and other business relationships	2-3	Partially	Point c,d not reported	
2	7	Employees	39-40	Partially	No breakdown by gender and region	
2	8	Workers who are not employees	40-41	Partially	Point c, d not reported	
2	9	Governance structure and composition	6-7	Partially	Point c not reported.	
2	10	Nomination and selection of the highest governance body	6-7	Complete		
2	11	Chair of the highest governance body	6-7	Partially	Point b not reported.	
2	12	Role of the highest governance body in overseeing the management of impacts	51	Partially	Point c not reported.	
2	13	Delegation of responsibility for managing impacts	8-9	Complete		
2	14	Role of the highest governance body in sustainability reporting	10-11	Complete		
2	15	Conflicts of interest				No data available
2	16	Communication of critical concerns				No data available
2	17	Collective knowledge of the highest governance body	49	Complete		
2	18	Evaluation of the performance of the highest governance body				No data available
2	19	Remuneration policies				No data available

GRI INDEX (Sustainability report 2022)

2	20	Process to determine remuneration				No data available
2	21	Annual total compensation ratio				No data available
2	22	Statement on sustainable development strategy			Preface: Michael Lorig - ESG	
2	23	Policy commitments	7-8, 37-38, 50-51	Partially	Item c, e, f not reported	
2	24	Embedding policy commitments	51	Partially	Point a, partially covered.	
2	25	Processes to remediate negative impacts	38-39	Com-plete		
2	26	Mechanisms for seeking advice and raising concerns	51-52	Com-plete		
2	27	Compliance with laws and regulations				No data available
2	28	Membership associations				No data available
2	29	Approach to stakeholder engagement	6	Partially	No categorisa-tion of stakehold-ers and descrip-tion of their in-volvement.	
2	30	Collective bargaining agreements	44	Partially	Quantitative data missing	

Material Topics

GRI-Stan-dard	Disclo-sure	Description	Linkage / Page	Com-plete-ness	Com-ments	Reason for omission
3	1	Process to determine material topics	11-12	Com-plete		
3	2	List of material topics	13-16	Com-plete		
3	3	Management of materia topics				
		P. 21 Environment: P. 23 Decarbonisation P. 32 Recyclates P. 33 Circularisation P. 34 Ecological footprint P. 26/ 51 Operational environmental protection P. 29 Adapting to the consequences of climate change			The material topics are explained in the following chapters	

		P. 16 Performance: P. 20 Innovation P. 16 Economic performance P. 18 Digitalisation & data **P. 38 Social issues:** P. 50 Employee development P. 42 Occupational health & safety P. 43 Diversity and equal opportunities P. 44 Employee rights **P. 47 Governance** P. 48 Ethics, integrity P. 46 Due diligence in the supply chain P. 49 Risk management P. 49 ESG – Governance P. 1 Transparency in sustainability performance (business portrait)				

Material Topics

GRI-Standard	Disclosure	Title	Linkage / Page	Completeness	Comments	Reason for omission
Economic performance						
201	1	Direct economic value generated and distributed	18	Partially	No more concrete splitting	
201	2	Financial implications and other risks and opportunities due to climate change.	49-50	Partially	Method not disclosed, costs of measures not disclosed	
Anti-corruption (Ethics, Integrity)						
205	2	Communication and training about anti-corruption policies and procedures.	50	Partially	No breakdown by category and region	

205	3	Confirmed incidents of corruption and actions taken	52	Partially	Point b,c,d not reported	
Anti-competitive behavior (Ethics, Integrity)						
206	1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	52	Complete		
Materials (Recyclates & Renewable raw materials / Circularisation)						
301	1	Materials used by weight or volume	31 - 32	Partially	No splitting into non-renewable and renewable material	
301	2	Recycled input materials used	32	Partially	Formula not reported	
Energy (Ecological footprint of products / Operational environmental protection)						
302	1	Management of material topics	24-25	Partially	From CDP / CCF, No information on point b, d	
302	2	Energy consumption within the organization	24-26	Partially	See statement p. 33	
302	3	Energy intensity	24-25	Partially	Point b, c not reported	
Emissions (Decarbonisation / Climate change adaptation / Ecological footprint of products / Operational environmental protection)						
305	1	Direct (Scope 1) GHG emissions	26-27	Complete		
305	2	Energy indirect (Scope 2) GHG emissions	26-27	Complete		
305	3	Other indirect (Scope 3) GHG emissions	26-27	Complete		

305	4	305-4 GHG emissions intensity	26-27	Partially	Point d, not reported	
305	5	305-5 Reduction of GHG emissions	26-28	Partially	Not reported from CDP, point b,c.	
Supplier environmental assessment (Under business portrait)						
308	1	New suppliers that were screened using environmental criteria	47-48	Partially	Quantitative data not available.	
308	2	Negative environmental impacts in the supply chain and actions taken	47-48	Partially	Point b,c,d,e not reported	
Occupational health and safety (Occupational Health & Safety)						
403	1	Occupational health and safety management system	42-43	Partially	Point b not reported	
403	2	Hazard identification, risk assessment, and incident investigation	37-39	Partially	Point c,d not reported	
403	9	Work-related injuries	42-43	Partially	Item b,c,d,e,f not reported	
Training and education (Employee development)						
404	2	Programs for upgrading employee skills and transition assistance programs	41-42	Complete		
404	3	Percentage of employees receiving regular performance and career development reviews	41-42		No quantitative data currently available	
Diversity and equal opportunity (Diversity and equal opportunity)						
405	1	Diversity of governance bodies and employees				Currently no data available
Non-discrimination (Diversity and equal opportunities)						
406	1	Incidents of discrimination and corrective actions taken	44	Partially	Point b not reported	

Local communities (Due diligence obligations in the supply chain)						
413	1	Operations with local community engagement, impact assessments, and development programs	52	Partially	Not enough information available	
Supplier social assessment (Due diligence obligations in the supply chain)						
414	1	New suppliers that were screened using social criteria				Currently no data available.
414	2	Negative social impacts in the supply chain and actions taken				Currently no data available.
Customer Privacy (Digitisation)						
418	1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	20	Partially	Point a not reported	