



**Woco Group**  
**Sustainability report**  
**2023**



## **Foreword: CEO Michael Lorig – ESG**

As a technology-oriented supplier, we constantly face the challenges of our industries, particularly the automotive industry.

Our mission is to develop and implement robust, independent and sustainable solutions.

Our drive is to continuously improve and set new technological standards.

By responding flexibly to changing market demands and using our resources efficiently, we remain consistently capable of taking action.



# Table of Contents

<b>Foreword: CEO Michael Lorig – ESG .....</b>	<b>II</b>
<b>1 Business portrait.....</b>	<b>1</b>
1.1 General information .....	1
1.1.1 Characteristics of the company's sustainability reporting .....	1
1.1.2 Overview of the business .....	2
1.1.3 Compliance information .....	6
1.2 Strategy .....	7
1.2.1 Business model .....	8
1.2.2 ESG ambition level .....	9
1.3 Governance structures .....	9
1.3.1 Ownership.....	9
1.3.2 Management.....	10
1.3.3 Guidelines .....	11
1.3.4 Sustainability management .....	12
1.4 Identify key issues .....	14
1.4.1 Sustainability services .....	14
1.4.2 Materiality analysis .....	16
1.4.3 Main topics of the Woco Group .....	18
<b>2 Performance.....</b>	<b>21</b>
2.1 Economic performance .....	22
2.1.1 Organization and responsibilities.....	22
2.1.2 Opportunities and risks.....	23
2.2 Innovation .....	24
2.2.1 Organization and responsibilities.....	24
2.2.2 Opportunities and risks.....	24
2.3 Digitization.....	26
2.3.1 Organization and responsibilities.....	27
2.3.2 Opportunities and risks.....	28
<b>3 Environment.....</b>	<b>30</b>
3.1 Climate change: Decarbonization and adaptation to the Climate change .....	31

3.1.1	Decarbonization – Climate Strategy according to SBTi .....	32
3.1.2	Organization and responsibility .....	32
3.1.3	Adaptation to climate change .....	41
3.2	Occupational environmental protection – prevention of environmental pollution.....	41
3.2.1	Organization and responsibility .....	41
3.2.2	ISO 14001 to improve environmental performance.....	42
3.2.3	Assessment of environmental aspects .....	43
3.2.4	Responsible chemical management:.....	44
3.3	Material usage – circular economy .....	45
3.3.1	Organization and responsibilities.....	47
3.3.2	Recycled materials .....	47
3.3.3	Emission-optimized primary materials, bio-based materials: .....	48
3.3.4	New development of more sustainable materials.....	50
3.3.5	Circular economy.....	53
3.4	Ecological footprint .....	55
3.4.1	Organization and responsibility .....	55
3.4.2	PCF (Product Carbon Footprint).....	55
3.4.3	PEF (Product Environmental Footprint).....	56
3.4.4	Digital product pass .....	57
3.4.5	Dialogue with stakeholders.....	58
<b>4</b>	<b>Social .....</b>	<b>58</b>
4.1	Employees.....	60
4.1.1	Organization and responsibility .....	60
4.1.2	Duties of care for our production units.....	60
4.1.3	Employee development and qualification .....	62
4.1.4	Diversity and equal opportunities .....	65
4.1.5	Employee rights .....	66
4.1.6	Occupational safety and health .....	66
4.2	Workers in the value chain .....	68
4.2.1	Organization and responsibility .....	68
4.2.2	Supply chain due diligence.....	68
4.2.1	Commitment to human rights – implementation.....	69
4.2.2	Risk analysis.....	70
4.2.3	Evaluation of suppliers .....	72
4.2.4	Preventive measures and remedial measures .....	72



<b>5 Governance</b>	<b>74</b>
5.1 Governance, risk management and internal control	75
5.1.1 Ethics & Integrity – Compliance Management	75
5.1.2 ESG - Governance	76
5.1.3 Risk management	76
5.2 Business Code of Conduct	77
5.2.1 Organization and responsibility	78
5.2.2 Training concept	78
5.2.3 Complaint mechanism	79
5.2.4 Reported violations	80
<b>6 GRI Index</b>	<b>81</b>



# 1 Business portrait

## 1.1 General information

### 1.1.1 Characteristics of the company's sustainability reporting

#### About this report

This is the fourth sustainability report of the Woco Group. Woco has reported the information contained in this GRI index for the period 01/01/2023 – 12/31/2023 with reference to the GRI standards. The structure of the report is based on the guidelines of the ESRS (European Sustainability Reporting Standards), which were published as part of the CSRD.

#### Reporting period, frequency

Sustainability reports were published in 2017, 2019 and 2022.

This report relates to the calendar year 2023.

The reference period for the performance indicators is the last completed fiscal year 2023, as of the time of information collection. Unless otherwise stated, the descriptions and material contents contained reflect the situation at the time of the information collection (spring 2024). The report will be published in mid-2024.

If you have any questions, please contact the ESG team: Sabine Konrad-Schwämmlein, Manager Global Sustainability (ESG): [skonradschwaemmlein@de.wocogorup.com](mailto:skonradschwaemmlein@de.wocogorup.com)

The next release of a sustainability report is planned for spring 2025, with reference to the 2024 financial year. We will report annually in the future.

#### Frame of reference

This report applies to the entire Woco Group, including its subsidiaries. This means that the reference frame corresponds to the group's scope of consolidation. Next to Woco GmbH & Co. KG as the parent company, 25 companies (previous year 27) are included in the consolidated financial statements, of which 8 companies (previous year 9) have their domicile in Germany and 17 companies (previous year 18) their domicile abroad.

#### External testing

Woco has used external support in preparing this report. No additional external review of the 2023 report is planned.



### 1.1.2 Overview of the business

#### Organization profile

The business activities of the Woco Group with the parent company Woco GmbH & Co. KG are hereinafter referred to as Woco Group or Woco. Woco is an international group with the flexibility and organization of a modern medium-sized company.

**Woco Facts 2023: 600 million sales, with 13 production units,  
approximately 4,600 employees and 230 developers**

Headquartered in Bad Soden-Salmünster, the Woco Group maintains plants, production facilities and partners in Europe, Americas and Asia. With the help of standardized processes, Woco supports its customers worldwide according to the philosophy: Woco is where the customer needs Woco.

In 2023, Woco maintains 13 production units in Germany (Bad Soden-Salmünster incl. Steinau, Kronach, Eisenach), the Czech Republic (Vestín and Zlín), France (Habsheim), Hungary (Budapest), the PRC (Wuxi), India (Greater Noida, Kandla), Mexico (Querétaro, Lagos de Moreno), Romania (Satu Mare).

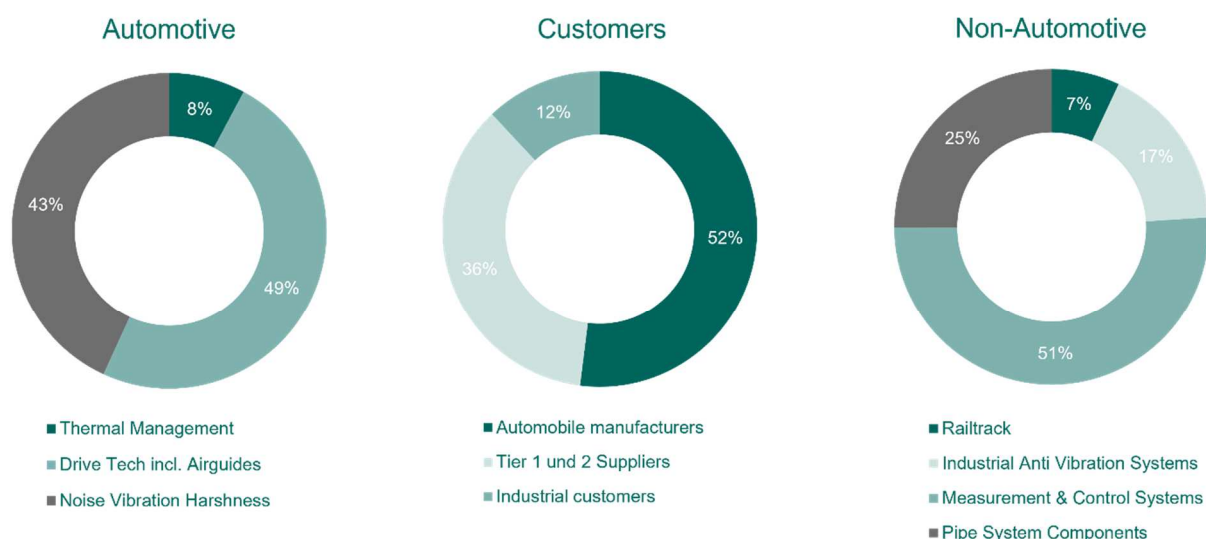
Our production units and headquarter in Bad Soden-Salmünster are the focus of our sustainability efforts, because we can achieve the greatest impact here. Data and facts, such as the CCF calculations, should be related to this.

#### Activities - Industry, serviced markets

Woco Group is a 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 distribution of modules and components for the automotive industry. In addition, the Woco Group acts as a supplier of industrial customers in various target industries. Since mid-2023, Woco has been divided into the product segments S-NVH, Thermal Management and Drive Technology (including the formerly independent Air Guides segment) for the automotive target market, and into the segments Polymer Industries and New Industries for industrial customers.

In the non-automotive sector, the Woco Group focuses primarily on industrial antivibration systems, functional solutions for measuring and control systems, pipeline systems and antivibration systems for track superstructures. Woco products are partially sold under the established brands EFFBE, Gamma and PSC. The many years of experience in the global industrial markets and the consistent use of automotive know-how are the basis for our cooperation with our customers.

## Our products and customers



The individual production sites are each assigned to one segment; if several segments produce at one location, the plant is assigned to the segment with the highest share of sales. Product focus of the product segments are:

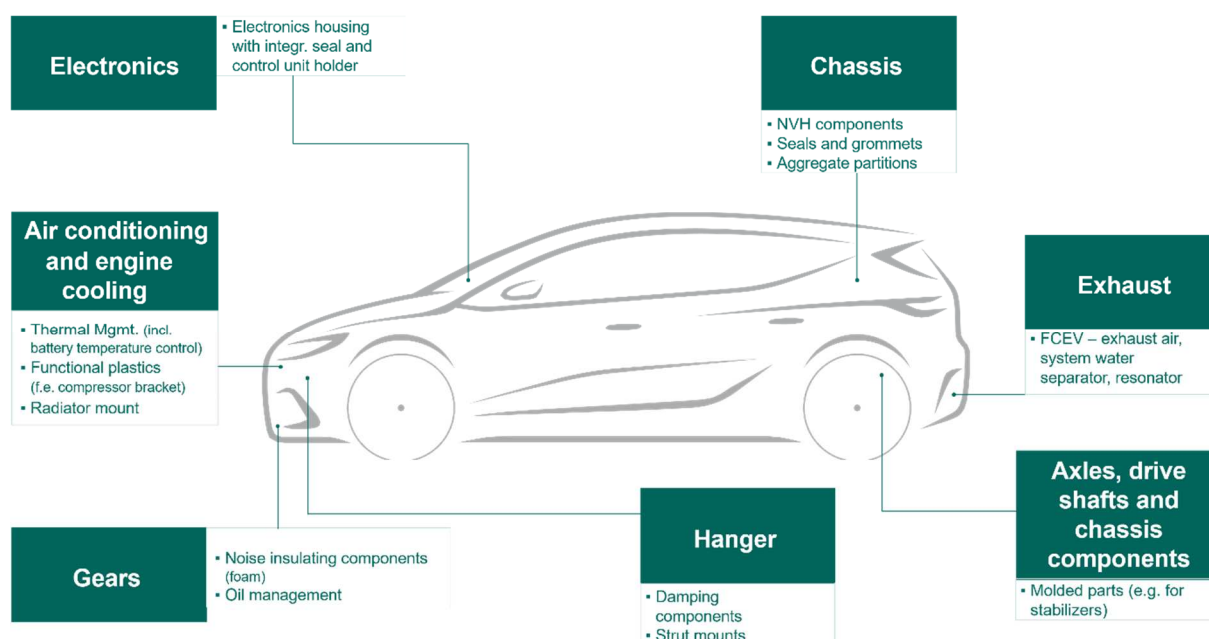


**S-NVH:** Decoupling, radiator brackets, gaskets, stabilizers, foam and precision parts

**Thermal Management:** Intelligent valves, thermal modules and solenoid valves

**Drive Technology:** The portfolio includes electric push-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 control elements and pressure converters. Since mid-2023, the Drive Technology segment also includes the previously independent **Air Guides** segment (air ducts, resonators and air filters), Which has been integrated to simplify organizational structures.

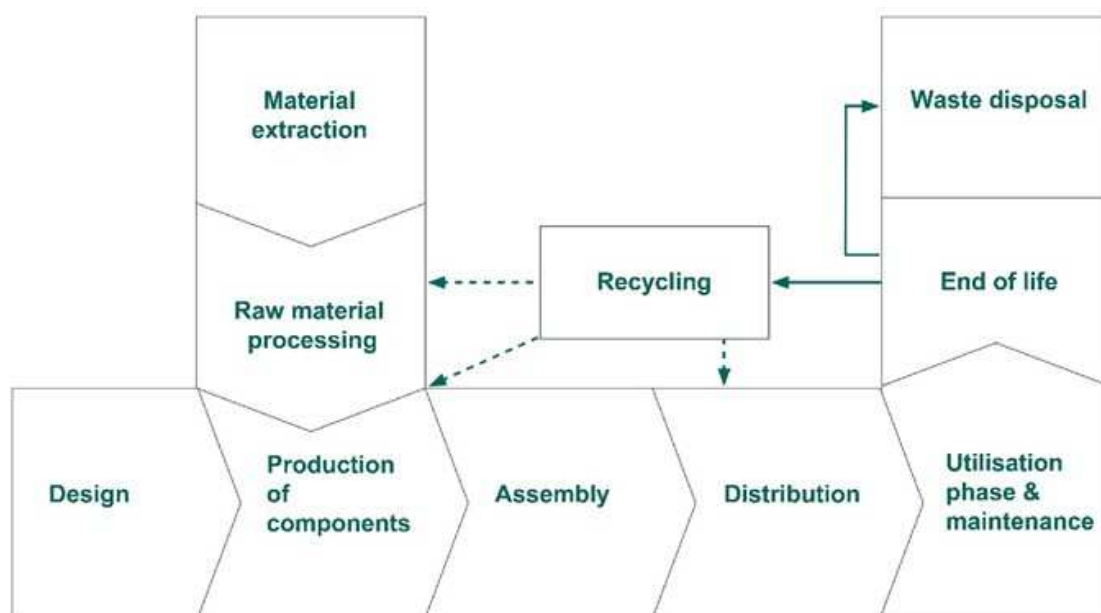
**Polymer Industries:** This segment corresponds to the old business unit Non-automotive with the business units Industrial antivibration systems, measurement and control systems, pipeline systems and track superstructure.



As a supplier in the automotive industry, we are in the upstream value chain. The following diagram illustrates our role and responsibility in this. Although our influence outside the company's borders is often limited, we are preparing ourselves for a change in understanding through a variety of activities, which is reflected in a variety of industry initiatives and customer requirements. We integrate appropriate specifications into our processes and will influence our suppliers within the scope of our influence.

A special case is the procurement of elastomer mixtures: The majority of these are purchased from PTE, in which Woco holds a 50 % stake in the form of a joint venture. It is an internationally leading producer of mixings with production plants in Germany, France, China and Mexico. These are usually located close to our production sites in order to leverage logistical advantages.

#### Typical value chain of the automotive industry





### 1.1.3 Compliance information

In particular, the following site activities were promoted in the past year:

In 2023, comprehensive structural measures were implemented at the German sites as part of the transformation program that was initiated. For example, the Osnabrück site was closed in September 2023.

Previously, the outsourcing of the operational logistics and the partial closure of the toolmaking facility at the Bad Soden-Salmünster site were decided and implemented in the first quarter of 2023. The distribution function was outsourced from the Bad Soden-Salmünster location in the first quarter of 2023 to the location of an external logistics service provider. Toolmaking at the Bad Soden-Salmünster site was discontinued in the first quarter of 2023. Only tool maintenance remains.

In addition, extensive negotiations to reduce personnel costs were concluded with the IGBCE union and the works council in the first quarter of 2023. The approved package of measures ("Stabilisierungstarifvertrag") will run until the end of 2025 and includes, among other things, the implementation of a 4-day week at the Bad Soden-Salmünster site (including waiver of pay) as well as significant financial contributions from the entire workforce in return for conditional employment protection.

After the production facilities for the track superstructure division had already been relocated from the site of Woco Eisenacher Kunststofftechnik, Eisenach ("Woco EKT") to the site in Steinau on the road of Woco Industrietechnik ("Woco IT") in 2022, the previous factory premises in Eisenach were sold at the beginning of 2023.

In 2023, the relocation of the remaining Woco EKT plants to Kronach (Kronacher Kunststoffwerke – "KKW") and Woco Ipartecnica, Budapest ("IPAR") has started. The relocation is to be completed in the first half of 2024, after which the Eisenach site is to be closed. All employees at the site were terminated in August 2023.

Since this reporting year, the Vsetin site of Woco STV s.r.o. ("Woco STV") has been preparing for the transformation into a leading plant in the field of Thermal Management. In a first step, the production of the S-NVH segment will be largely relocated from Woco STV to the site of Woco Tech Elastomere Noida Ltd., Greater Noida, India ("Woco Noida").



## 1.2 Strategy

The Woco 2020+ project has developed 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. Thus, the following *transformation goals* are associated with the Woco Group:

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

The strategy of the Woco Group is reviewed on an annual basis, taking into account the market environment, technological developments and other relevant external factors and restrictions, and is generally differentiated according to the product segments of the Group.

Other key elements and critical success factors of the strategy in the automotive sector include a reduction in development times, a focus on sales activities to increase the utilization of existing plants to reduce investment requirements, strict cost discipline and flawless production processes. Finally, customer strategies are driven across functions.

The segments of the automotive sector (Thermal Management, Drive Tech and S-NVH) each have a sub-strategy that defines sub-goals for the respective segment in the context of the transformation of the automotive industry toward alternative drive technologies.

Overall, the automotive division of the Woco Group is expected to grow disproportionately to the market, primarily due to sales growth in battery-electric vehicles in the Thermal Management and Drive Tech segments. The segment focuses on the profitability of the existing portfolio.



### 1.2.1 Business model

The continuous development of our products, processes and materials, as well as the development of customer-specific and non-customer solutions, enables us to offer services that will help our customers to cope with the technological transformation from combustion engines to electromobility.

Our in-house technological expertise and exclusive material knowledge foster innovation. We have exclusive access to our own material developments, can develop almost all components and systems ourselves and also produce concept-defining features.

In today's world of sustainability, companies are expected to make their contribution. Requirements from international frameworks and a variety of regulatory changes resulting from the Green Deal will continue to demand the business model.

#### **Thermal management: Every watt counts**

The improvement of the range lays in the detail. Optimization of aerodynamics, electric drive and energy storage is good, but expensive. Thermal Management is the cost-effective lever. Our Thermal Management makes perfect use of the hot and cold currents and thus provides more energy for driving. This increases the range. Woco Thermal Management is the hidden champion of energy efficiency.

Advantages: Zero leakage, weight reduction, maximum resource conservation, minimization of pressure losses

We achieve this by: Low torques, smallest actuators, optimal guidance of liquids

#### **NVHS**

In addition to the requirement to develop sustainable high-performance materials and small parts with maximum load-bearing capacity, these properties of our NVHS products are becoming even more important as a result of the shift to electromobility. With the disappearance of the engine, the noise in the car is perceived much more intensely. Our products seal, dampen vibrations and improve acoustics. With our material expertise, we develop sustainable materials and thus improve the CO<sub>2</sub> balance of our customers.

#### **Drive Technology**

Since the company started more than 68 years ago, we have been delivering new ideas on important mobility details. Key to Drive Technology is the focus as a reliable full-service provider with fast development processes that meet expectations in a dynamic market. We use



our experience in the field of internal combustion engines for a successful transformation into battery-electric vehicles.

## **Industry**

In order to increase customer benefits in the B2B sector, Woco Industry uses synergy effects from its automotive know-how.

### **1.2.2 ESG ambition level**

In line with the company's strategy, Woco has developed an ESG strategy that ensures long-term market equity, ensures sustainability compliance and specifies organizational structures for implementation.

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

This results in Woco's sustainability ambition:

**Woco is actively contributing to a sustainable transformation of the economy, implements it in its own company and promotes change along the entire value chain. Woco proactively tackles environmental and social challenges and thus safeguards the holistic interests of customers, employees and society.**

**We have derived from this for the respective fields of action  
(Performance, Environment, Social Affairs, Governance).**

**These are explained in the respective chapters of the report.**

## **1.3 Governance structures**

### **1.3.1 Ownership**

Woco is a family business with over 68 years of history. The shareholders of Woco GmbH & Co. KG are the company founder Franz Josef Wolf and his descendants. Woco GmbH & Co. KG, as the parent company, holds the majority of a total of 25 companies, which have different legal forms depending on the country.



### 1.3.2 Management

Woco Group Advisory Board appoints the CEO with direct responsibility for all activities, considering the role's requirements. The required competencies include, among other things, in-depth knowledge of the industry.

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

#### **CEO Michael Lorig**

Michael Lorig has 25 years of experience in the automotive industry. Between 2014 and 2019, as CEO of the SaarGummi Group, he was responsible for the strategic realignment of the brand and for sales growth from 340 to 640 million euros. In his previous position as Global COO and Managing Director, he initiated extensive restructuring measures that resulted in significant earnings improvements.

He began his professional career at Rolls-Royce before joining the BMW Group. He studied mechanical engineering at RWTH Aachen University and aerospace engineering at the Technical University of Munich.

His career is characterized by strategic management, restructuring expertise and the ability to successfully reposition companies.

Since October 2019, he has been responsible for the realignment of the Woco Group and the transformation of the product portfolio toward electromobility.

#### **CFO: Kolja Kress**

After his training as an industrial clerk, Kolja Kress received a bachelor's degree in business informatics and a master's degree in strategic finance in evening studies. After that, Kolja Kress spent 15 years in various positions at Honeywell, a publicly listed US corporation, including as Group and Equity Controller, Financial Director for Europe, and most recently as Global CFO for Global Fire and Security Products. From 2018 on, he was Managing Director and CFO of BHTC, an international Tier 1 automotive supplier.

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

#### **COO: Joachim Geimer**

Joachim Geimer held various positions at Veritas AG from 1988 to 2001. Most recently as Head of Systems Development Fluid Technology. Subsequently, he took over 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 responsible for the Woco Group as COO since September 2018.

### 1.3.3 Guidelines

At Woco, sustainability is a fundamental attitude that determines how we think and act in all areas of the company. Woco Group takes on social responsibility and meets the requirements of the sustainability context. Profitability, new product ideas, innovative manufacturing processes and motivated and qualified employees are the basis for the active shaping of the future and a prerequisite for the long-term success of Woco.

Our management approach is future-focused, considering market and stakeholder needs, while integrating ecological and social aspects, Woco establishes the fundamental mechanisms for implementing ESG (Environmental, Social, Governance) requirements in line with its transformation goals and core principles.

Woco is guided by international frameworks in order to enable future-oriented, sustainable development for both current and future generations. This includes

- UN Sustainable Development Goals
- OECD Guidelines for Multinational Enterprises
- Universal Declaration of Human Rights
- ILO core labor standards
- UN Convention on the Rights of the Child (CRC)
- UN principles on economy and human rights.
- United Nations on human and child rights

We are committed to a livable future in our common world. These guidelines serve as a framework for Woco's integration of sustainability into its corporate strategy.





### **1.3.4 Sustainability management**

The Woco management team is aware of its responsibility towards its employees, customers and society and meets this responsibility through a clear organization of sustainability management and through ethics, integrity and transparency.

The overall responsibility for the ESG strategy and the milestones of the Woco Group lies with the management.

The ESG strategy, which was also influenced by the expertise of the management, took into account the interests of the stakeholders both in defining the core topics and in developing the optimized ESG strategy.

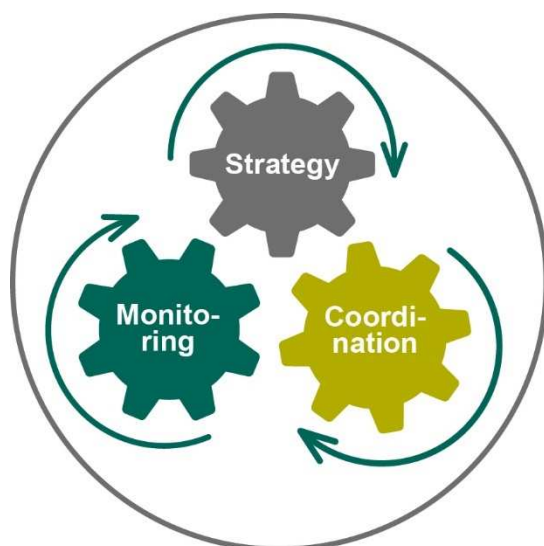
For the respective segments and specialist managers/areas, the responsibilities arise from the main topics of the Woco Sustainability Strategy, which was developed in 2022, and the Woco Climate Strategy. The implementation of measures takes place primarily in the operational units, which assume individual responsibility for the respective sub-goals. These are reported to the management once a quarter.

By participating in numerous external sustainability initiatives, we are constantly developing in this area and can thus meet the requirements of the various stakeholder groups.

The CFO is in constant contact with the sustainability team, which tracks all processes and drives initiatives. This includes monitoring external developments and regulatory requirements relevant to ESG. These developments are subject to ongoing exchange with the responsible organizational units of the core team.

### Executive Management:

- Overall responsibility for ESG strategy and all milestones



### Central organizational unit: Core Team Sustainability

#### Participants:

- All major departments/  
-Responsible persons incl. CFO

#### Tasks:

- Joint progress monitoring
- Votes and Decisions on strategic issues
- Reflection on important external issues Developments
- Joint review of adequacy of ESG strategy, processes and organization

#### Meetings & Decisions:

- Quarterly
- Event-related (ad hoc) for important new internal or external developments
- Moderation by ESG function

### ESG Team:

- Essentially a coordinating, moderating role, with responsibility  
For reporting and methodical advice

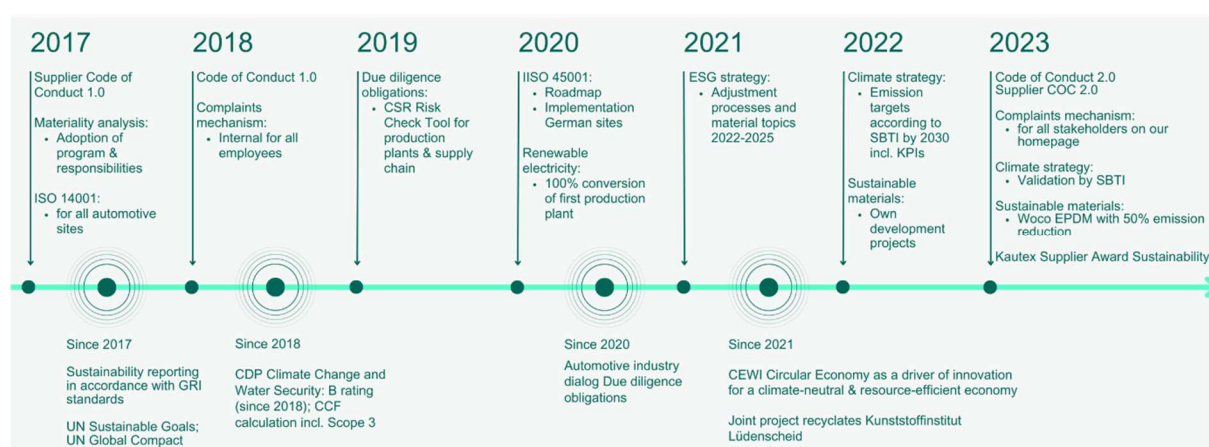
In addition to participating in various industry-specific activities (see Chapter 3.3.5 Circular Economy and 4.2. Workers in the value chain), we support the collective development of more sustainable practices at the association level and regularly participate actively in committees and working groups on various topics. One example is the project group Lifecycle Analysis of the VDA (Association of the Automotive Industry), in which the quality manager of Woco is involved. In addition, Woco is a member of the VDMA (Association of German Machines and Plant Engineering), VDI (Association of German Engineers), WDK (Association of German Rubber Industries), DVGW (German Association of Gas and Water) and FIGAWA (Companies in the Gas and Water Sector).

## 1.4 Identify key issues

The materiality analysis serves to identify sustainability issues that are of central importance to Woco and its stakeholders. Their results are incorporated into sustainability reporting and serve as the basis for strategy development. We developed this materiality analysis in the context of our strategy development "Sustainability" in the years 2021 to 2022. It remains valid for the reporting year 2023.

### 1.4.1 Sustainability services

To assess the sustainability performance of the Woco Group, the results of external evaluations are used for performance evaluation. Progress will also be tracked in discussions with the management and organizational units of the core team.



## CDP ratings 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-	

In addition, we enable our stakeholders to understand the sustainability activities of the Woco Group through the regularly published sustainability reports. The sustainability reports of the Woco Group are released by the management in consultation with the shareholders.

In addition to the sustainability report, we would like to communicate our activities to other stakeholders, which is why we have set up our own sustainability section on our homepage.

GRI reporting is a good opportunity for us to systematically prepare ourselves for mandatory sustainability reporting in accordance with the CSRD (Corporate Sustainability Reporting Directive) and the uniform reporting content ESRS (European Sustainability Reporting Standards). Our findings to date have already been incorporated into this report. In preparation for the reporting obligations arising from the EU Framework Sustainable Finance and the EU taxonomy, Woco joined the VDA in the Sustainable Finance project group since 2021.

**Next Steps:**

- Our first report in accordance with CSRD requirements as part of the Group Management Report will be for the year 2025.

**1.4.2 Materiality analysis**

The materiality analysis determines which sustainability issues are of central importance to Woco and should be the focus of sustainability management and reporting. Environmental, social and business considerations should be taken into account when determining the materiality of the issues.

The following sub steps have resulted from this.

**1. Composition of typical ESG topics****2. Create a shortlist:**

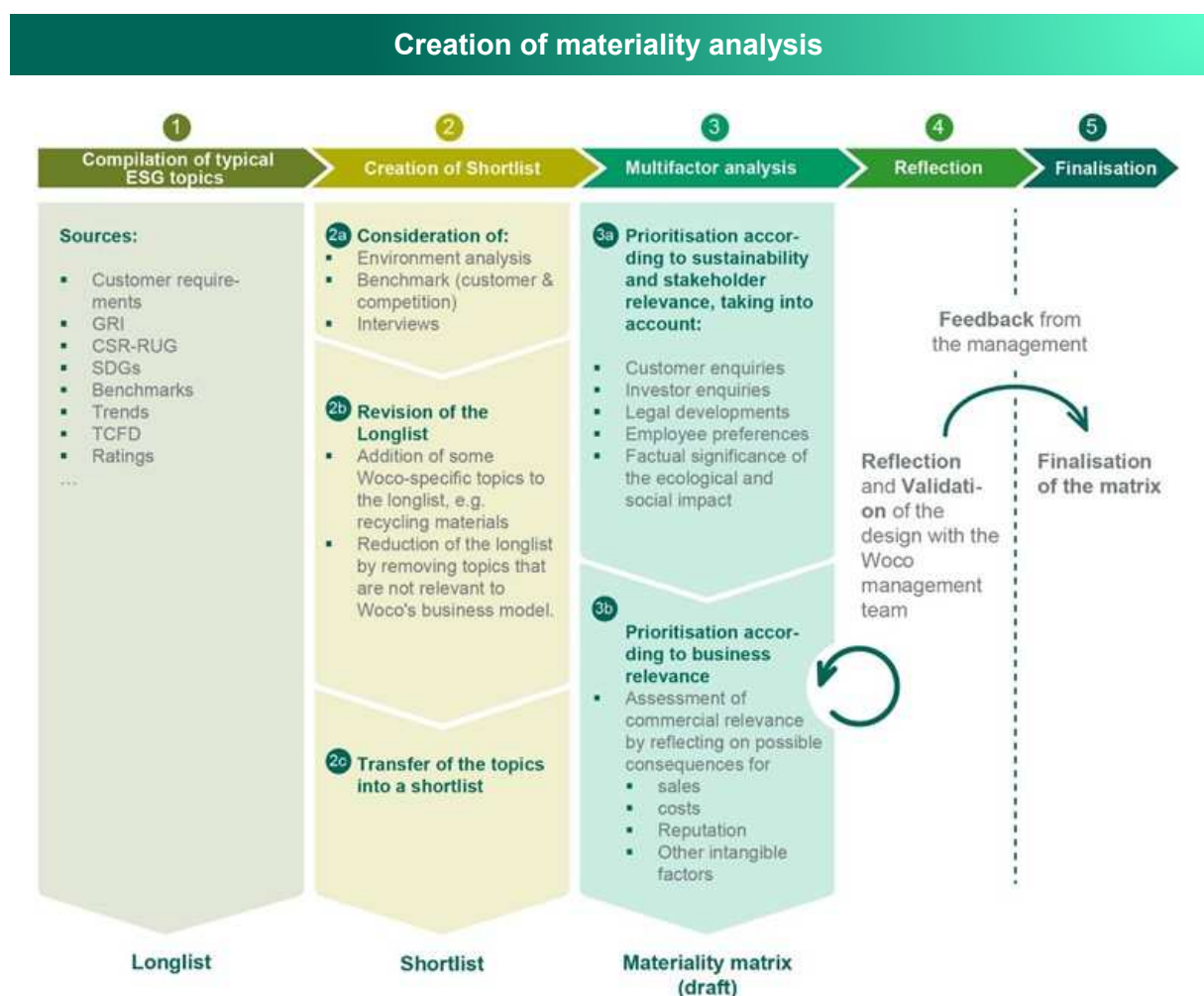
- **Findings from the environmental analysis:** Based on an overview of the requirements of regulations, ratings and customers, the relevance of the subject areas at E, S and G was determined, overarching customer requirements and strategic implications are taken into account, as well as an overview of the subject areas of customer requirements along the value chain
- **Sustainability activities of Woco compared to the competition:** The sustainability benchmark was carried out on the basis of the quality and content of the reports
- **Woco executives' current view of Woco's activities:** Interviews with managers and management determined both the assessment of the current significance in the respective field, the future required achievements (3–5 years), the assessment of Woco ESG performance and the assessment of the resulting ambition level

### 3. Multi-factor analysis

Evaluation and correlation of materiality using a multifactor analysis: The different scores of the materiality matrix are derived from assessments of the significance of external requirements, the business relevance and the factual ecological and social impact of the topics.

The relevance of the individual topics clustered in environmental, performance, social affairs and governance with regard to legislators, donors, customers, employees, factual environmental and social effects, which are not necessarily reflected in stakeholder opinions, was taken into account.

For the Woco materiality analysis, we must consider both business relevance and sustainability and stakeholder relevance.

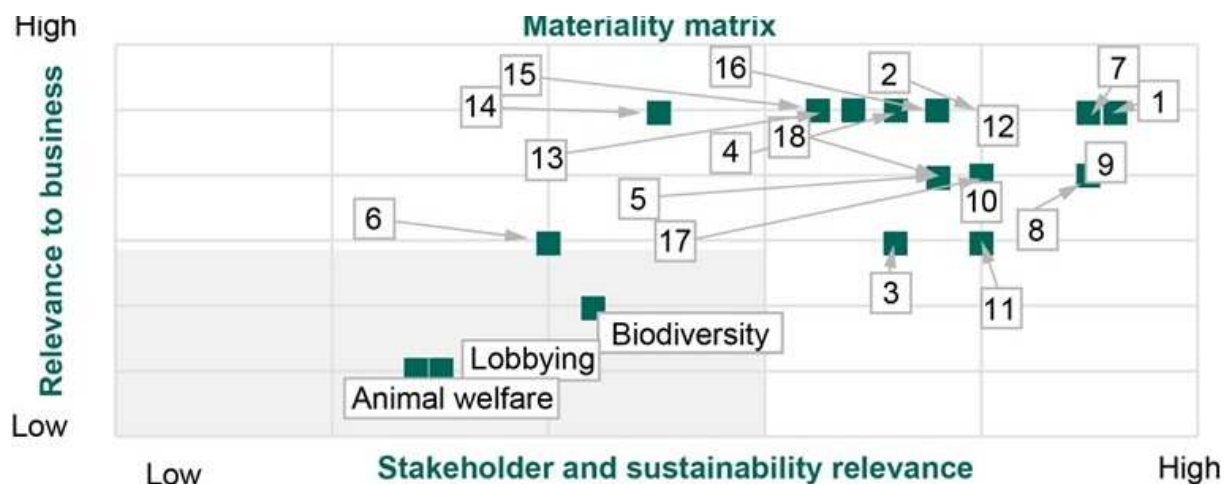


Proposed materiality threshold: All topics with a score of  $> 3$  in either dimension are considered essential.

The issues below materiality do not prove to be significant business-relevant, nor does a significant number of stakeholders show significant interest in Woco's behavior on these issues. The actual impact of Woco on these topics can also be considered relatively low.

### 1.4.3 Main topics of the Woco Group

The main topics are explained in the respective chapters of the Sustainability Report.



#### Performance:

##### 12. Innovation:

Investing in the innovation of sustainable products or to support sustainable business activities

##### 13. Economic performance:

Ensuring the economic viability of the company

##### 14. Digitization & Data:

Completion or replacement of analog processes and information by digital technology systems for processing information, communication or simulation of physical processes

## Environment:

- 1. Decarbonization:**  
Capture and reduce Woco's energy consumption and emissions
- 2. Recycled & renewable raw materials:** Procurement, identification and use of recycled or renewable raw materials
- 3. Circularization of raw materials:**  
All approaches to implementing measures that enable circulation in the use of raw materials
- 4. Ecological footprint of the products:**  
Record and list the environmental effects of the product along the lifecycle and disclosure of essential information about the lifecycle
- 5. Occupational environmental protection:**  
All personnel, organizational, work process and workplace measures to protect the environment
- 6. Adapting to the consequences of climate change:**  
Adapting to the physical consequences of climate change such as floods, heat, drought, etc.

## Social:

- 15. Employee Development and Qualification:**  
Continuous training and upskilling of the workforce
- 16. Occupational health and safety:**  
Prevention of health disorders caused by work activities, by associated occupational diseases or on the way to work
- 17. Diversity and equal opportunities:**  
Inclusion and abolition of barriers to minorities, other religions, women and mothers/dads
- 18. Workers' rights:**  
All statutory rights of employees, such as fair remuneration, holidays and freedom of assembly

## Governance:

- 7. Ethics, Integrity:**  
Ensure compliance and implementation of ethical principles and integrity
- 8. Supply chain due diligence:**  
Basic management of social and ecological issues in the upstream chain
- 9. Risk management:**  
Structures, processes and responsibilities to classify, prevent or minimize risks
- 10. ESG Governance:**  
Structures and responsibilities for monitoring and implementing the ESG topics; collective awareness within Woco for social and environmental factors
- 11. Transparency of sustainability performance:**  
All external and internal communication on sustainability performance and efforts by Woco



The comparison with the materiality matrix from 2017 to 2019 shows that the topic of sustainability is becoming more and more complex and that the requirements are increasing. It also shows that the business relevance shown in the Performance chapter is becoming more important. The main topics from 2017 – 2019 have retained their significance. Despite the continuous improvement process, these topics are still in the Woco Group's catalog of objectives and measures.

Main topics 2022		Main topics 2017 – 2019	
<b>02: Performance</b>	<ul style="list-style-type: none"> <li>▪ Innovation</li> <li>▪ Economic performance</li> <li>▪ Digitization and data</li> </ul>		
<b>04: Employees</b>	<ul style="list-style-type: none"> <li>▪ Employee development and qualification</li> <li>▪ Occupational health and safety</li> <li>▪ Diversity and equal opportunities</li> </ul>	<b>Employers</b>	<ul style="list-style-type: none"> <li>▪ Working conditions and employment</li> <li>▪ Health and Occupational safety</li> </ul>
<b>03: Climate change</b>	<ul style="list-style-type: none"> <li>▪ Decarbonization</li> <li>▪ Adapting to the consequences of climate change</li> </ul>	<b>Ecology</b>	<ul style="list-style-type: none"> <li>▪ Energy and Greenhouse gas emissions</li> </ul>
<b>03: Material usage/ Circular economy</b>	<ul style="list-style-type: none"> <li>▪ Recycled materials and renewable raw materials</li> <li>▪ Circularization of Raw materials</li> </ul>	<b>Products</b>	<ul style="list-style-type: none"> <li>▪ Sustainable products</li> </ul>
<b>03: Ecological Footprint of the Products</b>	<ul style="list-style-type: none"> <li>▪ Ecological Footprint of the products</li> </ul>		
<b>03: Environmental contamination</b>	<ul style="list-style-type: none"> <li>▪ Occupational environmental protection</li> </ul>		
<b>05: Business Conduct</b>	<ul style="list-style-type: none"> <li>▪ Ethics, integrity</li> </ul>	<b>Compliance</b>	<ul style="list-style-type: none"> <li>▪ Compliance with laws – anti-competitive behavior</li> <li>▪ Health of the customers and product security</li> <li>▪ Anti-corruption</li> </ul>
<b>02: Workers in the Value chain</b>	<ul style="list-style-type: none"> <li>▪ Duties of care in the supply chain</li> </ul>	<b>Supply chains</b>	<ul style="list-style-type: none"> <li>▪ Sustainable procurement</li> </ul>
<b>05: Governance</b>	<ul style="list-style-type: none"> <li>▪ Risk management</li> </ul>		
<b>05: Governance</b>	<ul style="list-style-type: none"> <li>▪ ESG – Governance</li> </ul>		
<b>01: Business portrait – materiality</b>	<ul style="list-style-type: none"> <li>▪ Transparency of sustainability performance</li> </ul>		

### **Next Steps:**

Due to the dynamics resulting from the increased requirements, we will review the materiality matrix developed in 2021/2022 in 2024 and design the procedure in accordance with the ESRS (European Sustainability Reporting Standards) as a double materiality analysis in order to meet the legal requirements for the year 2025.

## **2 Performance**

Through the continuous development of our products, processes and materials, as well as the development of tailor-made and independent solutions, we offer a product portfolio that helps our customers cope with the technology transition from an internal combustion engine to electromobility. New business models and e-mobility products must be established and already exist.

The target picture for the performance field of action developed in the ESG strategy 2021/2022 is:

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

In the materiality analysis, the following main topics arise:

### **Performance:**

#### **12. Innovation:**

Investing in the innovation of sustainable products or to support a sustainable business

#### **13. Economic performance:**

Ensuring the economic viability of the company

#### **14. Digitization & Data:**

Completion or replacement of analog processes and information by digital technology systems for processing information, communication or simulation of physical processes

## 2.1 Economic performance

We strive to provide our customers with the most innovative and customer-friendly products and development services. We want to be the preferred partner for our customers and make a valuable contribution to society. Woco is aware of its responsibility toward its customers, employees and society. We are proactive in meeting ecological and social challenges.

In 2021 and 2022, the strategic orientation of the Woco Group was redefined and the following transformation goals for the next few years were agreed:

**Focus on core competencies**  
**Focus on regional markets**  
**Independence from the internal combustion engine**

From this we have derived our principles of our trade.

**Robustness**  
**Independence**  
**Sustainability**

Our core business includes the product segments Thermal Management, Drive Technology, Noise Vibration Harshness and Sealing. In these areas, we have a strong market position and offer our customers a broad portfolio of innovative solutions.

### 2.1.1 Organization and responsibilities

In the Woco Group, the headquarters determine the strategic orientation of the global production sites, while the operational implementation and management are the responsibility of the segment managers together with the local managers. The allocation of production volumes to the locations of the Woco Group is based on segment and technology and taking logistical aspects into account.

Monthly performance review meetings with production unit management validate the implementation of rationalization measures and quality improvement programs to increase efficiency

and review their impact on financial metrics. Weekly SIOP reviews (Sales, Inventory, Operations Planning) supplement the factory control system.

### **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 powertrain technologies such as electric or hybrid vehicles.

Forecasts from business, politics and industry show that technological change in the powertrain from internal combustion engines to electrified powertrains is accelerating.

Both the EU and other economies, such as the PR China as the largest passenger car market, are following this trend and will significantly reduce pollutant emissions by 2030 at the latest to achieve the targets of the Paris Climate Agreement.

After Woco has identified and assessed the potential impact and likelihood of this risk, a strategy has been developed to control this: The existing product portfolio will be evaluated and adapted for use in electric or hybrid vehicles, new solutions will be developed, and new markets will be opened up.

The change in drive technologies that has already been described requires new and optimized products and manufacturing processes from suppliers.

In the field of Thermal Management for BEV, new opportunities and challenges arise for the Woco Group. In particular, orders were won from well-known international manufacturers in the area of modules for BEV. Especially in the Thermal Management segment, the transformation to BEV has already been implemented to a very high extent for the new products.

In addition, innovative further development of products from today's activities to optimize combustion engines secures Woco Group's position in the market. Growth markets in emerging economies offer additional opportunities to market existing product and production technologies through cost-effective adaptation developments.

In addition to the automotive business, the industrial division is to be further developed as a strong second pillar of the Group. The focus here is on profitable growth, "customer value" through smart solutions and improved product functionalities, and low investment requirements

through cross-selling automotive know-how. Finally, a functional approach for the support functions is promoted in order to make optimum use of synergy potentials in the group.

In the 2023 financial year, the Woco Group was able to improve its key indicators for assessing its financial performance compared to the previous year. These include:

- Total sales in the article business: ("Article Sales")
- Earnings before interest, taxes, depreciation and amortization, adjusted for exchange rate effects and restructuring costs ("Adjusted EBITDA")

In 2023, we achieved sales of 600 million euros.

## 2.2 Innovation

In the context of climate change, there is a worldwide trend away from pure combustion engines to alternative drive types – for example, various forms of hybrid drives or pure battery-electric vehicles (BEV). This trend is supported by regulatory initiatives such as the European Union's decision to phase out internal combustion engines in 2035.

### 2.2.1 Organization and responsibilities

Basic research, contract-independent development work and the development of series products in close coordination with the requirements of customers are carried out under the auspices of Woco Industrietechnik and using the resources of Group companies in Germany, the Czech Republic, Hungary, India, the PRC and the United States of America. At the balance sheet date, 248 employees are employed in the core development division throughout the Group (previous year: 248).

### 2.2.2 Opportunities and risks

New types of powertrains represent new business opportunities for the Woco Group for sustainable product solutions in the fields of Thermal Management, Noise Vibration Harshness ("NVH") and densities. New development activities have emerged in the peripheral environment of the battery modules, for example, rupture and venting valves and particle filters for the battery box have been developed here. Furthermore, solutions for the rapid and targeted heat

dissipation of the battery cells and optimization within the framework of lightweight construction for the battery box and unit carrier are being worked on.

In the area of Thermal Management for BEV, there are new opportunities for the Woco Group. In particular, orders were won from well-known international manufacturers in the area of modules for BEV. Woco Group is responsible for the overall system and controls suppliers. The foundations created for this purpose in research and development (R&D) are being consistently expanded. In the year under review, the Woco Group incurred development expenses in the amount of approx. € 28.9 million (previous year: € 28.1 million). In relation to sales, development expenses thus increased from around 4.6 % in 2022 to around 4.8 % in 2023.

The main topics in the field of development include weight savings through consequent substitution of metal with plastic, product solutions for reducing air resistance, component solutions for active intervention in the thermal energy management of drive technology, components and modules for downsizing strategies for drives with charging systems, products for reducing flow losses in intake systems, The development of polymer materials and products for future CO<sub>2</sub>-neutral "design fuels" as well as modular solutions for Thermal Management in electric vehicles.

In 2023, the Woco Group further intensified its sustainability activities. Particularly noteworthy are material development and substitution projects (see Chapter 3.3 Material use). Several recyclates in thermoplastics replace fossil materials, supporting a closed-loop economy and the CO<sub>2</sub> footprint of our products is reduced. In the field of elastomers, Woco is developing new more sustainable materials that are used in pilot projects with customers. Woco is observing the further increase in the trend toward sustainable products on the customer side.

The transformation in automotive product segments is reflected in order intake, which is independent of the internal combustion engine:

- 2021: 39 %
- 2022: 74 %
- 2023: 81 %

This is proof of the transformation at Woco toward sustainable products that has already been initiated and has already taken place in some parts.

## 2.3 Digitization

As an international company, the Woco Group must be able to process a large amount of data in order to achieve business objectives, complete tasks and fulfill obligations. The digitalization of business processes is being driven continuously, including the introduction of paperless offices, the use of cloud solutions, modern IT security measures and the implementation of digital communication tools.

The protection of data of customers, employees, contractors or other third parties is just as important as the protection and safeguarding of the know-how of the Woco Group. By implementing modern digital solutions, we want to make our processes more efficient and environmentally friendly.

The Woco digitization strategy includes the integration of digital collaboration tools to improve collaboration and efficiency in the enterprise, and to promote the reduction of paper consumption.

The introduction of a data management software tool (Qlik) enables effective monitoring and analysis of key sustainability metrics and performance indicators to track and communicate environmental goals transparently.

By integrating these digital solutions holistically, Woco is pursuing its sustainability goals while boosting productivity and competitiveness.

### 2.3.1 Organization and responsibilities

#### **Excerpt from Woco Corporate Policy:**

- As a global company, the Woco Group processes a large amount of data and information to achieve its business objectives, fulfill its tasks and fulfill its obligations. We protect data from customers, employees, contractors, and third parties, and safeguard Woco's know-how. To achieve this goal, i.e. to protect information from external and internal threats, to ensure continued business operations at all times and to minimize damage in the event of possible incidents, an Information Security Management System (ISMS) has been introduced. Policies define technical and organizational measures that guarantee an appropriate level of information security for the Woco Group.
- Information security management and data protection management is part of the Woco corporate strategy and is integrated into the OneIMS integrated management system.

The privacy and information security policies serve as a guide and documentation for the integrated management system, which includes the ISMS and the DSMS.

The target groups of the directive are the management responsible for the design of the IMS and the employees of the security and data protection organization in all companies.

Woco Group will gradually introduce certification in accordance with TISAX at various production sites. TISAX® is a cross-company testing and exchange procedure for information security in the automotive industry.

#### **Data protection**

Woco Group relies on IT-supported processes. Personal data must be processed. In this situation, it is essential to ensure the enforcement of data protection in order to create the necessary reliability in everyday business and to meet legal requirements.

Furthermore, we understand data protection as an essential customer and supplier service that protects the confidentiality, availability and integrity of personal information and ensures the regularity of the relevant processes.

The highest data protection objectives within the Woco Group are availability, integrity and confidentiality. In addition, authenticity, commitment, compliance and the continuous and measurable improvement of the data protection management system (DMS) are defined as further protection goals.





## **Information security**

To ensure information security, a global information security management system (ISMS) is established.

The goal of information security policies is to protect information from external and internal threats, ensure continued business operations, and minimize damage to potential security incidents.

Information can be in one or more forms, such as electronically stored data, paper data, or physical prototypes. This policy forms the basis for a comprehensive information security management system (ISMS). The technical and organizational measures to be taken are based on established regulations on information security, such as the ISO 27001 standard and the basic IT protection of the Federal Office for Information Security (BSI), customer guidelines and specifications as well as recommendations from the German Association of the Automotive Industry (VDA).

## **Managed Security Operation Center**

A Managed Security Operations Center (MSOC) is being established to centralize monitoring and proactive responses to cyber threats. The MSOC serves as the central hub for security monitoring and management of our IT security measures, enabling swift detection and remediation of threats.

### **2.3.2 Opportunities and risks**

As processes become increasingly digitalized, the attack surfaces for cyberattacks on companies are expanding. Woco Group is addressing this risk with a cybersecurity roadmap through 2025 as part of its transformation, coordinated with bundles of measures to mitigate risks, led by the Transformation Office and IT management.

## Opportunities

- Increase efficiency: Digitization enables us to accelerate and optimize processes, resulting in higher productivity.
- Environmentally friendly: Reduce paper consumption and CO<sub>2</sub> emissions through the use of digital technologies.
- Innovation: Strengthening competitiveness through innovative digital solutions.
- Security: A global ISMS increases the security of our data and the MSOC improves security incident responsiveness and protects against IT security incidents and cyber threats.

## Risks

- Data security: Increased risk of cyber-attacks and data loss, which requires strict security measures and robust ISMS.
- Investment costs: High initial investment in digital infrastructure, new technologies, the implementation of ISMS and the development of the MSOC.

During the 2023 reporting period, no complaints were received from external organizations or regulators regarding breaches of customer data protection.

Our commitment to protecting our customers' corporate information and data remains unchanged and we continue to apply the highest standards and practices to ensure the security and confidentiality of all personal information. This includes regular audits, comprehensive training for our employees, and the implementation of advanced technical safeguards.

- Number of confirmed complaints by external organizations or supervisory authorities in the reporting period 2023: 0
- Information Security Audit Results: No vulnerabilities were identified during the reporting period and six sites received the TISAX label.
- Share of digitized processes in the overall business processes:
  - Target 2025: 80 %
  - Target 2030: 100 %
- Paper consumption: The amount of paper consumed in kilograms per year
  - Target value 2025: Reduction by 70 %
  - Target 2030: Virtually paperless office

### 3 Environment

As a manufacturing company with energy- and material-intensive production, the environmental impact of our activities has always been the focus of our sustainability efforts. The importance of the environmental impact arises, among other things, from the specific requirements of the legislator, the customers and other stakeholders.

**The target picture for the environmental field of action developed in the ESG strategy is:**

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

In the materiality analysis, the following main topics arise:

#### **Environment:**

- 1. Decarbonization:**  
Capture and reduce Woco's energy consumption and emissions
- 2. Recycled and renewable raw materials:** Procurement, identification and use of recycled or renewable raw materials
- 3. Circularization of raw materials:**  
All approaches to implementing measures that enable circulation in the use of raw materials
- 4. Ecological footprint of the products:**  
Record and list the environmental effects of the product along the lifecycle and disclosure of essential information about the lifecycle
- 5. Occupational environmental protection:**  
All personnel, organizational, work process and workplace measures to protect the environment
- 6. Adapting to the consequences of climate change:**  
Adapting to the physical consequences of climate change such as floods, heat, drought, etc.



Our previous orientation toward the Global Compact has been extended to include other internationally recognized guidelines, such as the OECD Guidelines, the ILO core labor standards. These claims are also reflected in our new Woco code of conduct, which was published in May 2023. We want to continue to contribute to the achievement of the UN SDGs.

Our code of conduct policy is complemented by the Woco corporate policy, which applies to the entire Woco Group. The Woco corporate policy identifies clear fields of action and principles that highlight the areas of production, logistics and development. The environmental impact of our products in the downstream value chain is taken into account, as is the performance of our own suppliers and service providers.

**Excerpt from Woco corporate policy:**

- The product philosophy is characterized by environmentally friendly products and forward-looking solutions, avoiding the use of non-socially acceptable supply chains.
- Woco focuses on resource-efficient development, production and logistics.
- We support the requirements for implementing a circular economy and always keep an eye on the entire product life cycle.
- Continuous improvements in product creation and product realization processes reduce the environmental impact of our products and processes.
- We protect the environment and natural resources to reduce consumption and environmental impact (emissions, pollutants, waste).
- Avoidance of greenhouse gas emissions is being continuously promoted.

### **3.1 Climate change: Decarbonization and adaptation to the Climate change**

Limiting climate change is one of the greatest challenges of our time. One of the guidelines that Woco is guided by is to follow the guidelines of the 2015 Paris climate agreement to limit global warming to well below 2 degrees and 1.5 degrees, respectively.

As a company, we are required to integrate the associated challenges into the business model and to be future-oriented.



The transformation goals of Woco show that they are taken into account in the Woco strategy, which was developed in 2021/2022.

### **3.1.1 Decarbonization – Climate Strategy according to SBTi**

Woco Group started to establish a climate management system in 2017. Since 2018, we have been reporting annually on our activities in the field of climate management as part of the CDP Supply Chain Program. The resulting continuous improvement process is reflected in the consistently good CDP rating "B" on the subject of "Climate Change", despite the annual increase in the requirements of CDP.

In order to make a measurable and fair contribution to and assume responsibility for the Paris climate agreement, Woco has set science-based climate goals as part of a climate strategy. In doing so, we align our decarbonization path with what is scientifically necessary to limit global warming to 1.5 degrees or below 2 degrees.

In 2022, Woco developed and adopted a climate strategy for emission reduction based on SBTi requirements with external support. The SBTi validated the targets in 2023.

**The Woco Group commits to reduce its absolute GHG emissions  
Scope 1 and 2 by 46.2 % by 2030, based on base year 2019.**

**The Woco Group also commits to reduce its absolute Scope 3 GHG  
Reduce emissions by 27.5 % over the same period.**

### **3.1.2 Organization and responsibility**

The adoption of the climate strategy was accompanied by the development of a consistent transition plan. In this context, we will adapt our internal production processes and product portfolio to align with the overall corporate goals for combating global climate change.

By defining these clear targets and the clear emission mitigation path, clear guidelines will be established for management, segment managers and specialists in the central departments with regard to the annual emission reductions required to achieve the specified emission mitigation path by 2030.

Different categories were evaluated and 24 individual KPIs were defined with corresponding annual targets. These are assigned to the respective specialist areas. To this end, a list of priorities has been drawn up, which first refers to the years 2022 to 2025.

The achievement of the KPIs is checked by an annual review and by the evaluation by the management, if necessary, adjustments are made.

In order to implement the emission reduction path, we will continue to have extensive discussions with our customers and suppliers to expand our existing Scope 2 and Scope 3 emissions activities, which account for the largest share of our operational carbon footprint.

The Woco activities can be divided into 3 categories:

- Scope 3: Above all, more sustainable material solutions (see Chapter 3.3. Material usage)
- Scope 2: The gradual increase in the proportion of energy from regenerative sources  
Sources
- Scope 1: Process adjustments to increase efficiency

### **Energy consumption**

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

Thus, the power consumption is determined by the direct energy consumption of the production plants as well as secondary consumers, for example in the area of compressed air and lighting. Storage and office buildings as well as fuel consumption of the vehicle fleet play a lesser role.

The Woco supply chain also includes processes and industries with relatively high energy requirements – for example in the production of plastic raw materials or metal products. In order to minimize the resulting environmental impact, Woco places great emphasis on sustainable procurement.

The following table shows the energy consumption of fuels, electricity and district heating

<b>*</b>	<b>2023 (GJ)</b>	<b>2022 (GJ)</b>
<b>Diesel</b>	10,266.42	9,334.42
<b>Petrol</b>	3,471.57	3,293.39
<b>Natural Gas</b>	33,529.07	35,484.078
<b>LPG</b>	476.63	492.77
<b>Burning Oil</b>	1,521.40	1,955.30
<b>Sum</b>	49,265.08	50,559.96

<b>*</b>	<b>2023 (GJ)</b>	<b>2022 (GJ)</b>
<b>Power</b>	284,063.38	382,836.48
<b>Green electricity</b>	91,540.15	31,404.29
<b>District heating</b>	9,188.79	9,403.20
<b>Sum</b>	384,792.33	423,643.97

All non-company energy consumption is reported on Scope 3 emissions under GRI 305-3. It is not possible to identify the consumption separately. The determination of Scope 3 emissions follows the Greenhouse Gas Protocol, an international guide.

The current energy intensity is Energy Intensity≈94.36 . GJ/FTE.

## **Greenhouse gas emissions**

Woco Group has been calculating its corporate carbon footprint (Corporate Carbon Footprint) including the relevant upstream and downstream indirect emissions since the 2016 financial year. The company-wide greenhouse gas balance was carried out in cooperation with the DFGE – Institute for Energy, Ecology and Economics in accordance with the Greenhouse Gas Protocol (GHG Protocol):

- Includes direct emissions from fuel and fuel use (Scope 1), indirect emissions from energy purchase (Scope 2) and other relevant indirect emissions (Scope 3)
- Considered greenhouse gases: CO<sub>2</sub> as well as CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>. All emissions are represented in CO<sub>2</sub> equivalents (CO<sub>2</sub>e).
- Reference period: Calendar year 2019 (base year SBT)
- Consolidation approach: Operational control (excluding minority interests)
- No relevant biogenic emissions

As part of the development of the climate strategy, we have changed the method of calculation. Our 2019 baseline has been included in the recalculation. Comparability of the data is thus given for 2019 - 2021 - 2022.



## Absolute emission values per scope and category

Scope	Category	2023	2023	2022	2022	2019 (recalc)	2019 (recalc)
	[T CO <sub>2</sub> e]	[T CO <sub>2</sub> e]	[%]	[T CO <sub>2</sub> e]	[%]	[T CO <sub>2</sub> e]	[%]
Scope 1	Combustion - Motor vehicles	886	< 1 %	934	< 1 %	910	< 1 %
	Combustion – within company facilities	1.836	1 %	1.940	1 %	2.488	< 1 %
	Volatile emissions	--	--	--	--	--	--
	Process emissions	--	--	--	--	--	--
	<b>Sum Scope 1</b>	<b>2.723</b>	<b>1 %</b>	<b>2.874</b>		<b>3.398</b>	<b>&lt; 1 %</b>
Scope 2	<b>Purchase of electricity</b>	<b>45.809</b>	<b>14 %</b>	<b>55.550</b>	<b>15 %</b>	<b>62.246</b>	<b>11 %</b>
	Supply of steam	--	--	--	--	--	--
	Obtaining heat	459	< 1 %	446	< 1 %	406	< 1 %
	Obtaining cold	--	--	--	--	--	--
	<b>Sum Scope 2**</b>	<b>46.268</b>	<b>14 %</b>	<b>55.996</b>	<b>16 %</b>	<b>62.652</b>	<b>12 %</b>
Scope 3	Pre-stored						
	Purchased goods and services	212.015	66 %	252.106	67 %	400.997	74 %
	Capital goods	5.460	2 %	7.651	2 %	25.619	5 %
	Fuel and energy related activities (not included in Scope 1 and 2)	13.359	4 %	15.386	4 %	14.156	3 %
	Upstream transport and distribution	19.614	6 %	18.929	5 %	21.244	4 %
	Waste produced in workflows	1.478	< 1 %	1.584	< 1 %	1.553	< 1 %
	Business travel	44	< 1 %	45	< 1 %	670	< 1 %
	Shuttle service of Employees	8.211	3 %	7.700	2 %	8.027	1 %
	Leased assets in upstream activities	--	--	--	--	--	--
	Downstream						
	Subsequent transport and distribution	3.142	1 %	3.425	1 %	4.657	< 1 %
	Processing Products sold	7.088	2 %	10.241	3 %	--	--
	Use of sold products	--	--	--	--	--	--
	Disposal Products sold	951	< 1 %	1.101	< 1 %	440	< 1 %
	Leased assets in downstream activities	--	--	--	--	--	--
	Franchises	--	--	--	--	--	--
	Investments	--	--	--	--	--	--
	<b>Total Scope 3</b>	<b>271.362</b>	<b>85 %</b>	<b>318.169</b>	<b>84 %</b>	<b>477.363</b>	<b>88 %</b>
<b>Total</b>		<b>320.351</b>	<b>100 %</b>	<b>377.039</b>	<b>100 %</b>	<b>543.413</b>	<b>100 %</b>



### **Emission reduction: Scope 3 – more sustainable material solutions**

Typical for manufacturing companies is the large proportion of emissions generated by the production of materials and precursors purchased from Woco. As already evident in previous years, "Purchased Goods & Services" is a hotspot category. Over 2/3 (271.362 t CO<sub>2</sub>e) of the total emissions in 2023 are caused here. The most important activities to reduce emissions are:

- Continuous increase in the proportion of recyclates (from 3 % to 10 % in 2023)
- Development of alternative polymer mixtures

Further explanations are given in the section "Material usage – Circular management". Here in particular, the importance of the supply chain is unmistakable.

### **Emission reduction: Scope 2 – Energy procurement from renewable sources and process adjustments through energy efficiency**

Woco has reduced sufficiently for the Scope 1 and Scope 2 targets in recent years. Scope 2 has further potential to reduce emissions by gradually increasing the proportion of energy from renewable sources.

#### **Energy procurement from renewable sources**

- Woco obtains its electricity from regional or national suppliers; the electricity mix meets the supplier-specific standards.
- Since 2021, our production site in Kronach has been using 100 % electricity from renewable sources.
- In 2023, we switched to 100 % renewable sources at all German locations.
- Continued conversion to the purchase of electricity from 100 % renewable energy sources will be followed by further locations.

#### **Self-power generation by PV systems:**

- We are successively testing all sites with regard to the generation of own electricity by PV systems.
- In 2022, we were able to realize a first plant on the roof of our production plant in China.
- In 2023, we realized another plant at our production plant in CZ.

### **Emission reduction: Scope 1 – Process adjustments to increase efficiency:**

The topic of energy efficiency is dealt with within the framework of the environmental management system DIN ISO 14001 implemented for all production sites. In addition, the Woco Group's Integrated Management System has been extended to include the specifications of an energy management system (in accordance with DIN ISO 50001).

This means that a continuous improvement process takes place at all production sites. Energy efficiency and management are fundamental objectives. Due to the heterogeneous product range, the energy targets are defined depending on the local conditions.

We regularly review each measure's objectives within internal management. To this end, the effectiveness of environmental management in achieving our environmental goals is assessed and, if necessary, adjustments are initiated.

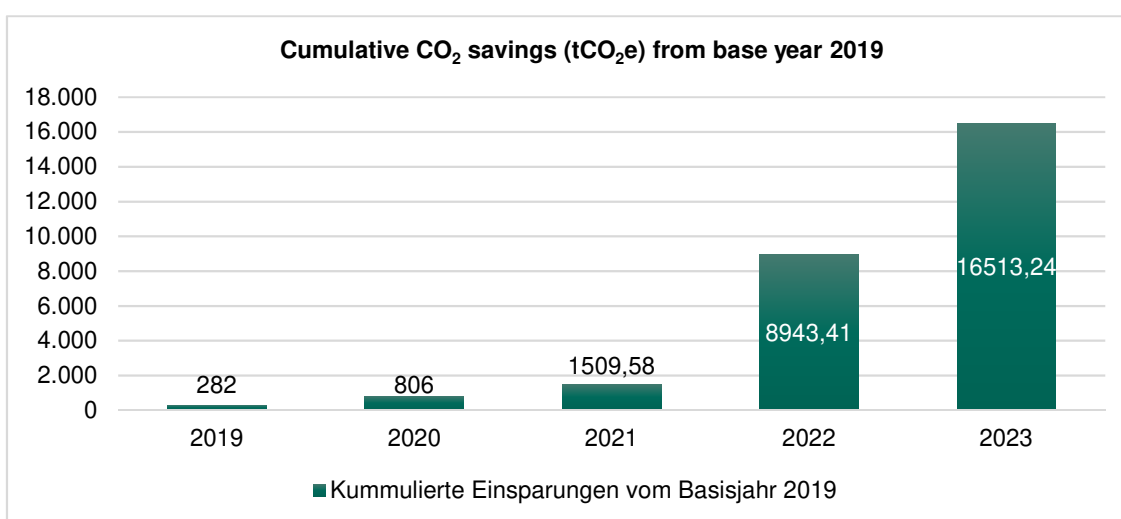
Management systems provide training at least once a year. This means that all employees around the world are sensitized to the topic and can contribute their ideas within the framework of the Woco suggestion system.

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 Ukraine war, 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 increasing automation of production processes, however, increases the direct energy consumption of the production plants, so that consideration of energy efficiency is an essential procurement criterion.

Investments in CO<sub>2</sub> savings (compressed air, process optimization, lighting, change in procurement practices, "energy efficiency in buildings", isolation, "process material substitution", machine/equipment replacement, waste heat recovery, compressed air, solar PV (photovoltaic)).

Year	Cumulative CO <sub>2</sub> savings (tCO <sub>2</sub> e) from base year 2019
2019	282
2020	806
2021	1,509.58
2022	8,943.41
2023	16,513.24



### Emissions intensity

An important parameter in this context is the CO<sub>2</sub> intensity of the business activity, as it can also provide information about progress achieved, regardless of changes, for example in production volume. The relative emissions per turnover for the last few years are shown in the table below.

	2023	2022	2019
<b>Employees</b>	4,600	4,600	5,950
<b>Sales (€ million)</b>	600	614	730
<b>Scope 1 (tCO<sub>2</sub>e)</b>	2,723	2,876	3,398
<b>Scope 2 (tCO<sub>2</sub>e)</b>	46,268	55,996	62,652
<b>Scope 3 (tCO<sub>2</sub>e)</b>	271,362	318.69	477,363
<b>Total (tCO<sub>2</sub>e)</b>	320,251	377,039	543,413
<b>Emissions per sales (TCO<sub>2</sub>e / million €)</b>	533.92	614.07	744.401
<b>Emissions per employee (TCO<sub>2</sub>e / million €)</b>	69.40	81.965	91.329

Woco has been able to continuously reduce absolute emissions, with the upheavals caused by Corona, the Ukraine War and disrupted supply chains in 2021 having a negative impact on this process.

#### Next Steps Climate Strategy:

- As part of SBTi's emission reduction objectives, we have evaluated the various categories and defined measures and objectives. 24 individual KPIs have been defined with corresponding annual targets. These are assigned to the respective specialist areas. To this end, a list of priorities has been drawn up, which first refers to the years 2023 to 2025.
- Annual review of SBTi target achievement for all KPIs
- Increasing the proportion of regenerative sources in electricity procurement
- Successive testing of additional locations for self-power generation
- Continuous testing and implementation of energy efficiency measures at all Woco production sites
- In 2024, we will conduct training on the Woco climate strategy at the segment managers and production units in order to raise awareness of the requirements of the emission reduction path by 2030 once again
- The priorities of our activities relate to the topic of Scope 3.1 – Material procurement (see section 3.3)

### **3.1.3 Adaptation to climate change**

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

These can have a direct impact on our operations or manifest themselves throughout our supply chain. Possible effects are temporary interruptions to production or higher operating costs. In order to control these risks, we carry out monitoring measures that enable us to prevent the effects of early prevention measures. We have also taken out comprehensive insurance coverage that further reduces our exposure to this risk.

## **3.2 Occupational environmental protection – prevention of environmental pollution**

ISO 14001 is the internationally recognized standard for environmental management systems (EMS). It provides a framework for us to continuously improve Woco's environmental management system and environmental performance. By adhering to this standard, we can ensure that we take proactive measures to minimize our environmental footprint, comply with relevant legal requirements, and achieve our environmental goals. The Woco UMS covers various aspects, such as resource use, pollution prevention, circular economy, environmental performance monitoring, and stakeholder involvement in environmental commitments.

### **3.2.1 Organization and responsibility**

Responsibility for the introduction and maintenance of the respective locations lies with the relevant product segment managers and plant managers. The locations themselves are responsible for implementing specific measures and for complying with the applicable laws.

There are dedicated environmental management officers at larger locations. At the other locations, this area of responsibility is the responsibility of the plant managers. Internal and external environmental audits are used to monitor the set standards.

### 3.2.2 ISO 14001 to improve environmental performance

Environmental management requires the timely identification of environmental opportunities and risks and compliance with legal requirements for all Woco operational processes and products. In addition, environmental management is intended to create sustainable behaviors with regard to employees.

An external ISO 14001 certification confirms the functionality of our system, which contributes to continuous improvement. The measures developed from the environmental aspects are intended to promote environmental protection and to improve environmental conditions.

We have achieved our goal of having all production plants in the automotive sector certified according to ISO 14001. New plants are gradually included in this certification process. In the non-automotive sector, we have also introduced certification in accordance with ISO 14001. In this case, we can also prove certification according to ISO 14001, except for a few smaller facilities.

The topic of environmental protection is dealt with in the course of training courses for the environmental management system DIN ISO 14001 implemented for all production sites at least once a year. This means that all employees around the world are sensitized to the topic and can contribute their ideas within the framework of the Woco suggestion system.

Legal compliance will be assessed in separate audits. Should deviations occur, this will be changed accordingly in the plants. In 2023, we did not pay any fines for non-compliance with environmental laws or regulations.

In addition, all stakeholders can report observed and suspected violations through our complaint mechanism (see Governance – Complaint Mechanism).

In 2023, the OECD Guidelines for Multinational Enterprises were amended with a comprehensive revision of the environmental chapter.

The amendment takes account of developments in international environmental policy and the principles and objectives of various international agreements, including those that have recently been adopted, such as Agenda 2030, the Paris Climate Change Agreement or the Kunming-Montreal Global Biodiversity Framework.

The OECD underlines the central role of companies in responding to environmental challenges such as climate change, biodiversity loss and increasing resource consumption, and specifies how companies can prevent and address negative environmental impacts and contribute to achieving international environmental goals.

On the one hand, the environmental chapter clarifies that companies should also extend their due diligence obligations to environmental aspects such as climate change, biodiversity loss, pollution and deforestation, as part of environmental management systems. On the other hand, the explanatory notes specify various expectations of the OECD countries for companies.

In its code of conduct, Woco refers to the OECD guidelines and the associated guidelines because they are among the most important frameworks for sustainable corporate governance. In 2024, we will review the changes made in the environmental chapter in the OECD Guidelines with our sustainability management system processes in accordance with ISO 14001 and develop a roadmap for the necessary changes in order to be able to further take environmental aspects into account.

### **3.2.3 Assessment of environmental aspects**

Group-wide ISO 14001 procedures are used to evaluate and update the environmental aspects and the resulting environmental impacts of Woco.

The environmental aspects are recorded for the respective Woco location and include both direct and indirect environmental impacts. These are based on a uniform form set with the following subject areas for recording:

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

The significant environmental impacts are evaluated based on established criteria. Based on their relevance, the environmental aspects are prioritized, objectives are defined, and actions are outlined, specifying responsibility, timeline, verifiability, and resources. Each production site's environmental program is determined by these actions, from which environmental objectives are set. Once the defined actions have been effectively implemented, a reassessment is conducted.



### 3.2.4 Responsible chemical management:

Responsible chemical management, i.e. the lifecycle of chemicals including handling, storage and disposal, is also taken into account in the management requirements of ISO 14001.

Here, a group-wide procedural instruction describes the rules for handling hazardous materials and dangerous goods that must be observed in the Woco plants. Hazardous materials must be released prior to procurement and may only be procured with a current safety data sheet (not older than 2 years).

The measures concern occupational safety and environmental protection. For this reason, in individual cases, a coordination between the respective persons responsible is necessary. The regulation of the handling of hazardous substances is intended to reduce hazards and stresses on people and the environment, to avoid accidents and thus to reduce downtime. This goal is also achieved by the constant search for substitutes in order to replace hazardous substances with less or non-hazardous substances or to reduce the use of hazardous substances in their quantity.

Through the International Material Data System IMDS, Woco provides the necessary information on material compositions for all products in the automotive sector. Compliance with the REACH Regulation (European Chemicals Regulation for the Registration, Evaluation, Authorisation and Restriction of Chemical Substances) is maintained. In addition, Woco has demonstrated that limit values for certain substances are not exceeded by means of declarations of conformity, e.g. according to RoHS (Restriction of the Use of Certain Hazardous Substances).

#### **Next Steps:**

In 2024, we will examine what adjustments should be made to the Woco processes and environmental assessment within the framework of DIN ISO 14001 in order to meet the requirements of the OECD Guidelines.

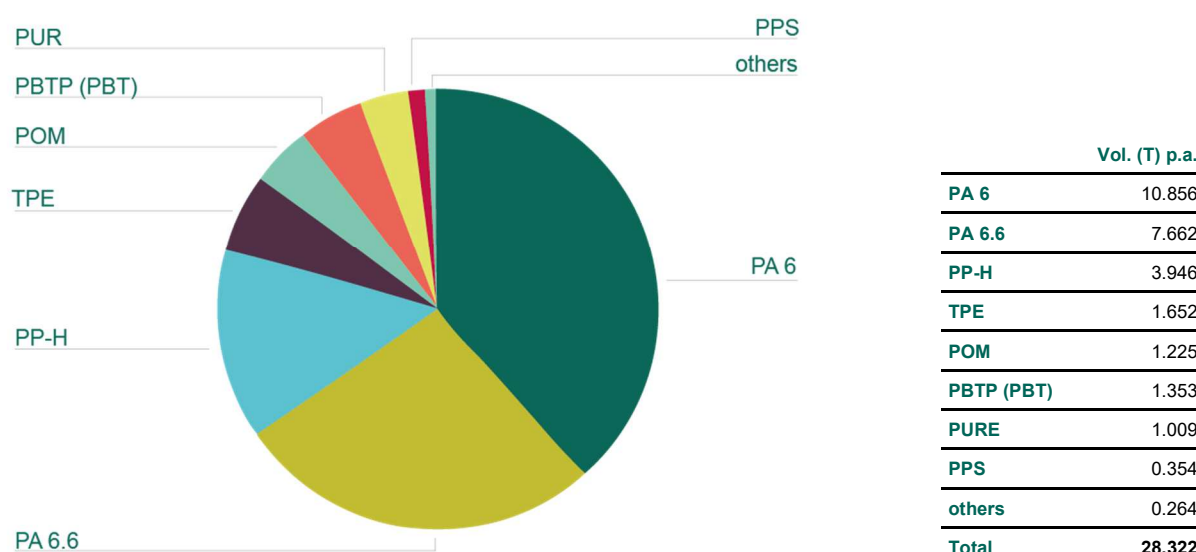
### 3.3 Material usage – circular economy

Woco requires various raw materials and precursors to manufacture the products. Woco also buys components and individual parts on a larger scale. In terms of quantity, the most important material groups are plastic granules (thermoplastics and thermoplastic elastomers) as well as elastomer mixtures.

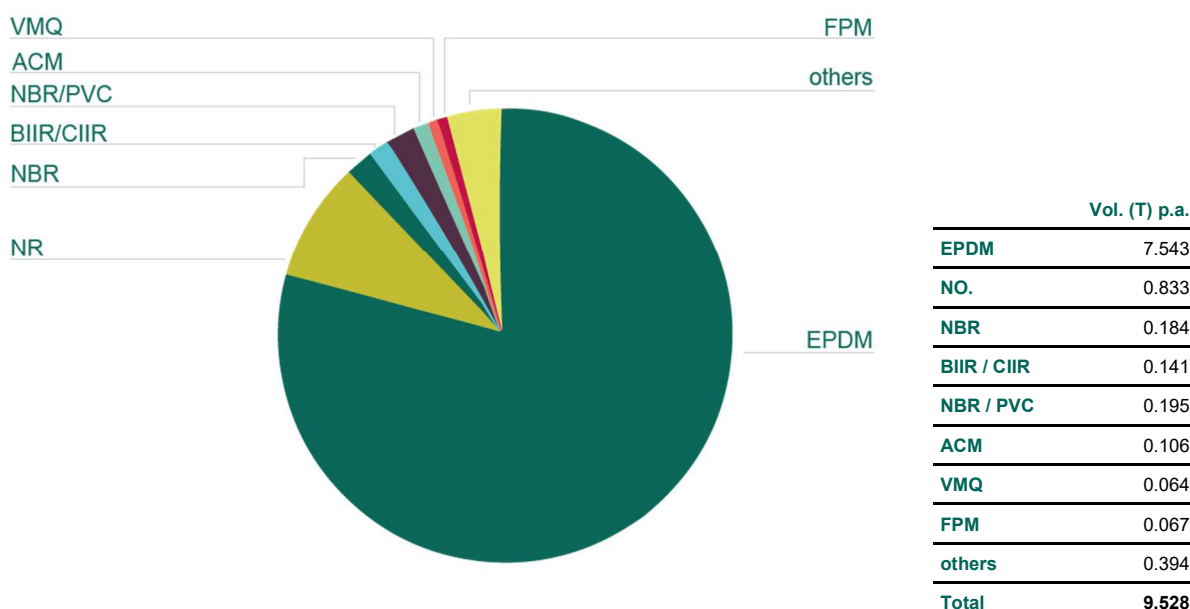
A total of 28.322 tons were used in the plastic granules sector in 2023. Polyamides account for by far the largest proportion of this, at around 65 %. In the elastomers segment with a total volume of 9.528 t, EPDM dominates with 79 %.

#### Raw Materials (Scope 3: Purchased Goods & Materials)

Plastics Volume 2023 as per Polymer [tons p.a.]



Rubber Compounds Volume 2023 as per Polymer [tons p.a.]



In 2023, Woco further intensified its sustainability activities. Particularly noteworthy are material development and substitution projects. Several recyclates in thermoplastics replace fossil materials, supporting a closed-loop economy and the CO<sub>2</sub> footprint of our products is reduced.

In addition to these product-related topics, the use of recycled materials, the reduction of rare or resource-intensive materials in the production, as well as the reuse of products at the end of the life cycle are of particular importance for the sustainability of a company.

Increasing resource efficiency will become more and more important in the coming years as certain raw materials are becoming less and less available. The sensible use and the increase in the recyclability of the materials is therefore becoming increasingly important.

### 3.3.1 Organization and responsibilities

Material-related issues, such as the procurement, testing and use of recycled materials, are closely coordinated with the customer in order to make changes to alternative materials.

The primary driver for optimizing product-related sustainability is the Research and Development department, centrally organized at the main site. This department lays the foundation for innovative materials, products, and manufacturing processes. During project execution within Woco's Product Development Process (PEP), the procurement team assesses material availability, such as recycled materials.

With the adoption of Woco's Climate Strategy through 2030, each relevant department is assigned specific emissions reduction targets, reviewed annually and adjusted as needed. Emissions from "Purchased Goods and Services" under Scope 3.1 are a central focus due to their significance in the corporate carbon footprint (CCF).

### 3.3.2 Recycled materials

In order to be able to offer alternative materials to customers, we have carried out extensive tests on the usual technical specifications for various recycled materials since 2018. We are continuing to pursue these activities and continue to actively engage in dialog with the customer in order to present the alternatives and thus enable the increased use of recycled materials.

The Woco product portfolio usually includes highly loaded and, in some cases, safety-relevant components. These components must meet the highest requirements in terms of strength, chemical and/or temperature resistance over the lifetime of the vehicles. In addition to the general material suitability, stable production processes are a fundamental prerequisite for the part function.

As part of the technical qualification process, we intensively examine the various options for high-quality recyclates and check whether the alternative materials can be used for the Woco product range as part of the internal approval processes. The following aspects are included in the review process:

- Use of standard recyclates for components with low to medium requirements
- Use of chemical recyclates and/or mass balance types for highly loaded components and/or challenging manufacturing processes

- Use of plastics with low PCF who are proven suitable
- Use of post-consumer recyclates for low-load components
- Use of bio-based plastics
- Use of recycled fillers

In 2023, the proportion of recyclates was increased to 10 %.

#### Use of recyclates since 2018

2018	3 %
2019	5 %
2020	6 %
2021	7 %
2022	9 %
2023	10 %

Figures in tons – quantities processed exclusively at Woco without purchased parts

### 3.3.3 Emission-optimized primary materials, bio-based materials:

In addition to the use of recyclates, the use of CO<sub>2</sub>-optimized primary materials is another option for reducing emissions. If market availability, specific quality requirements or price are against the use of recyclates, primary materials can be offered to customers.

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

Due to our extensive tests on materials and internal material release, we already have the opportunity in 2023 to offer the customer emission-optimized alternatives. The use of these alternatives depends on customer acceptance, as emission-optimized materials usually involve additional costs.

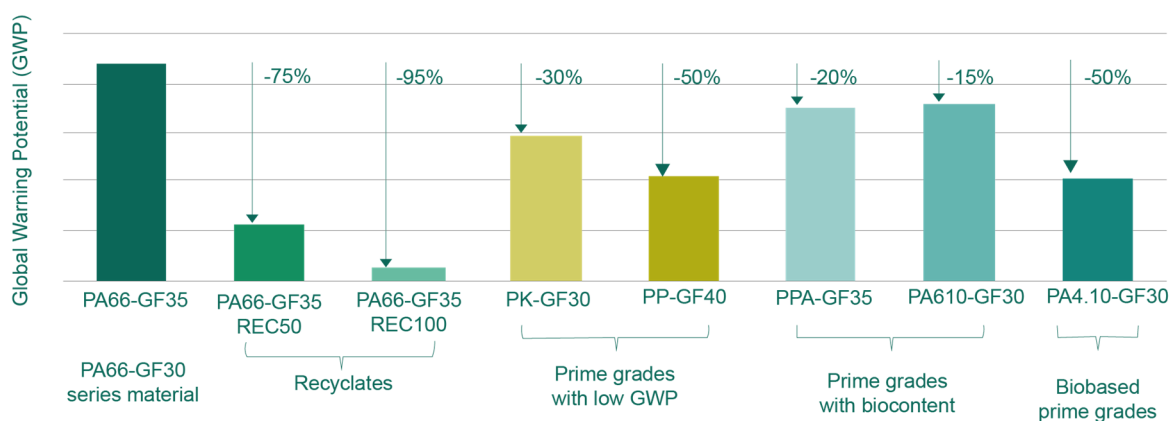
This procedure is illustrated as an example in a coolant application for BEV:

A PA66-GF30 is required by the customer as a series material. Using partial or full recyclates could save up to 95 % CO<sub>2</sub>. Since the recyclates cannot be used due to the poorer property

profile, further alternative materials were considered. Partial or fully bio-based polyamides have up to 50 % lower PCF than standard polyamides. However, these materials are not competitively priced. Using polyketone or polypropylene would allow similar CO<sub>2</sub> savings at an attractive price.

In addition to polyamide, we currently also use polyketone for coolant applications (Thermal Management in BEV).

Potentials for CO<sub>2</sub> reduction  
Example: coolant application up to 100°C



### 3.3.4 New development of more sustainable materials

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

Material development projects in 2021/2022 are particularly noteworthy here. In the field of elastomers, we are developing new, more sustainable materials that will be used in initial pilot projects with customers.

This development work was based on extensive tests of various material alternatives:

- Basis of used tires (raw materials examined: 35)
  - Pyrolysis soot recovered carbon black (rCB)
  - Devulcanized raw materials
  - Fine grinding
- Bio-based raw materials (investigated raw materials: 12)
  - Polymers
  - Plasticizer
  - Fillers based on rice husks/lignin
- Use of ISCC+ certified raw materials
  - In the area of ISCC+ certified raw materials, EPDM polymers or plasticizers are currently of particular interest. This refers to raw materials that are produced according to the mass balance principle and thus have identical properties to the standard products. The raw materials used are, for example, bionaphtha or pyrolysis oil from the circular economy. Voluntary certification guarantees traceability, as well as ecological and socially sustainable supply chains.

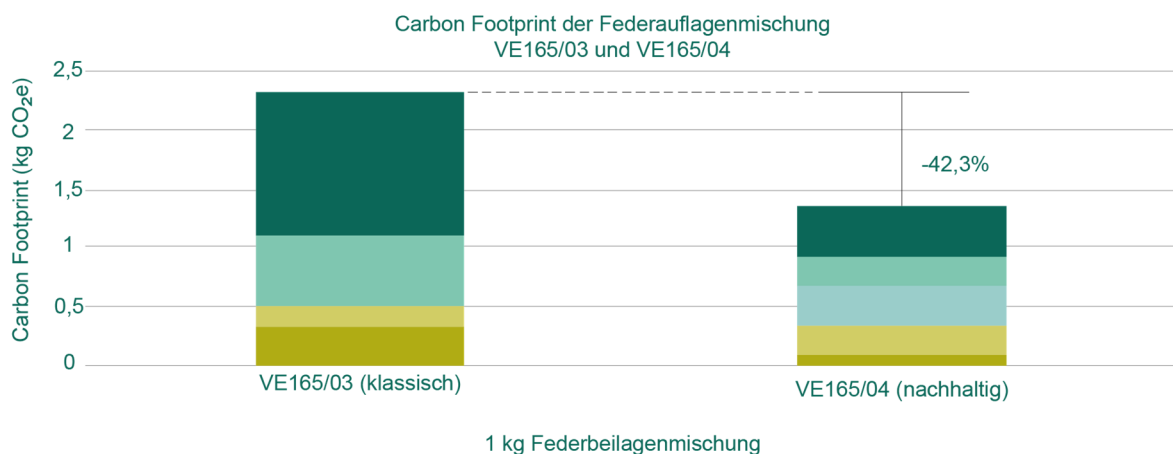
As part of the new developments, extensive testing and laboratory tests were carried out in order to prove the technical specifications. In addition, it is necessary to obtain a material release in the material-specific release processes of the customers.

We have had the associated emission reduction potentials verified externally once again. To this end, we have compared two Woco products made from conventional materials and the EPDM material alternatives developed by Woco.

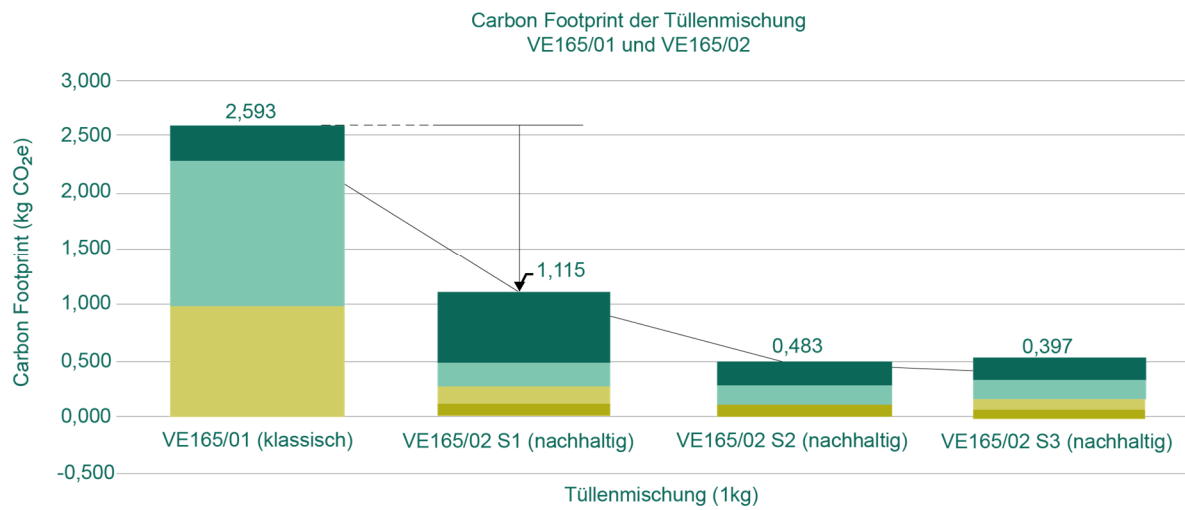
The calculations were able to prove that the Woco new development "EPDM" has an average CO<sub>2</sub> reduction of 50 %.

## Ergebnisse

### Carbon Footprint - Federauflagenmischung







### 3.3.5 Circular economy

It causes greenhouse gases to explore and process raw materials. Growing mountains of rubbish and resource limitations are calling for alternatives. For a circular economy that secures the supply of raw materials and supply chains, the transformation of production and consumption patterns must therefore take place faster than before. These changes will come to us as a company through a variety of regulatory changes under the EU Circular Economy Action Plan (CEAP).

The potential associated with the circular economy is therefore also part of Woco's activities on climate strategy and material use and can be summarized as follows:

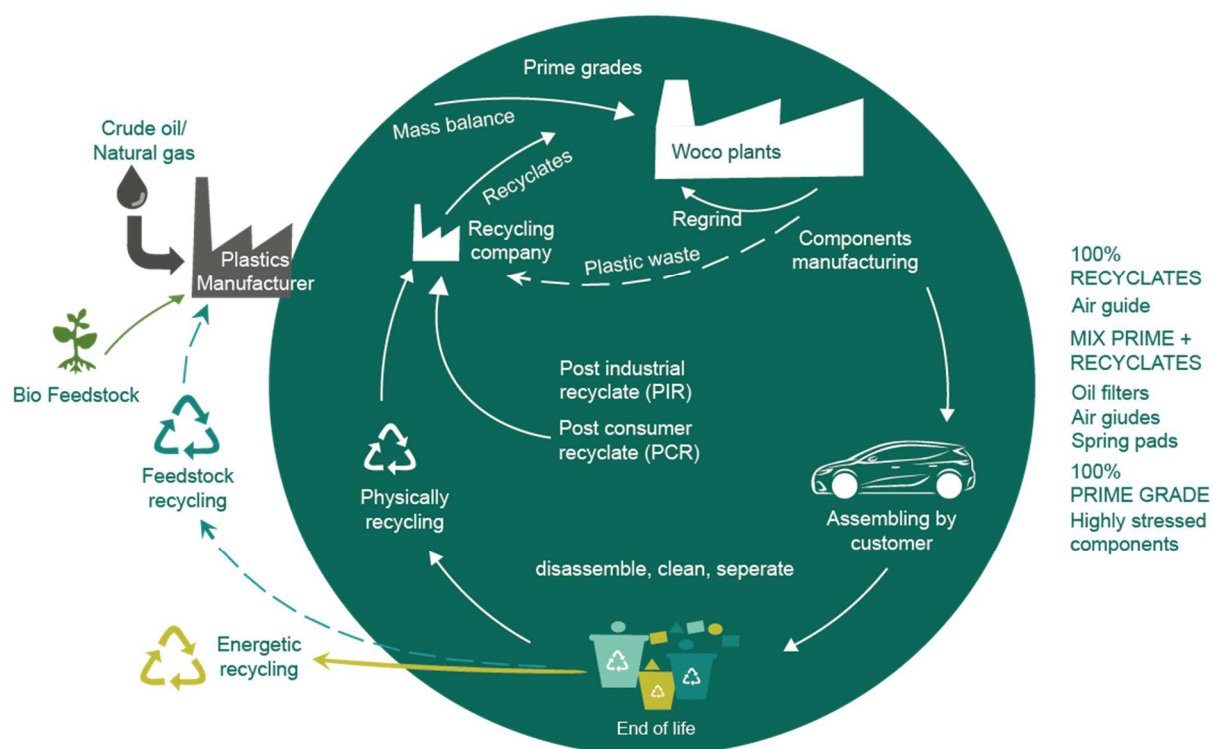
- ✓ Substitution of raw materials and materials
- ✓ Closure of material cycles
- ✓ Increase product and material efficiency
- ✓ Extending the service life and making more efficient use of the products

Especially in exchange with stakeholders, new ideas can arise and one's own procedures can be questioned once again. That is why Woco has participated in several multi-stakeholder initiatives.

2021:	Circular Economy in Family Businesses: Study Challenges, Approaches and Recommendations for Action by the Foundation Family Businesses (completed)
2021 – 2023:	Participation in the CEWI – Circular Economy project as an innovation driver for a climate-neutral & resource-efficient economy ( <a href="https://www.cewi-projekt.de/">https://www.cewi-projekt.de/</a> )

The findings from this exchange and the diverse market-specific requirements are taken into account in the ES (Engineering Services) area and in our development and research department in order to evaluate the various requirements with regard to our product portfolio.

## Closed loop plastics material cycle – future goal



### Next Steps:

- Increasing the proportion of recyclates, emission-optimized primary materials, bio-based materials, depending on the material specifications of the customers, the specific quality requirements, the market availability and the price
- With the newly developed sustainable materials we will have the opportunity in future to submit corresponding offers to the customers depending on the application, specification and location
- Successive follow-up and consideration of the EU Circular Economy Action Plan with respect to the Woco product portfolio

## 3.4 Ecological footprint

The ecological footprint is a measure of the environmental impact that a person, organization, or society leaves behind. It measures how much natural resources we consume – compared to how much the earth can replenish. Companies contribute a significant share of the overall footprint, while having the opportunity to make a big difference. Woco is not just about responsibility to the planet. Reducing the environmental footprint is often associated with improving efficiency, strengthening our market position, and helping us respond to future regulatory requirements and meet customer needs.

### 3.4.1 Organization and responsibility

We have been following the topic since 2022 and have formed an internal team from the central ESG and ES (Engineering Services) division, which is responsible for the discussions about the calculation methods and system boundaries. In close coordination and cooperation with the Purchasing department, material-related information is integrated into the material procurement processes.

### 3.4.2 PCF (Product Carbon Footprint)

In addition to the Corporate Carbon Footprint as the basis for Woco's emission reduction, the article-related Product Carbon Footprint (PCF) is increasingly becoming the focus of attention.

The Product Carbon Footprint is a metric that represents 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 corporate level.

The PCF thus quantifies the sum of the quantities of GHG emitted and the quantities of GHG withdrawn in a product system, expressed as CO<sub>2</sub>e and based on a life cycle assessment using the single impact category climate change. Emissions from Scope 3.1: Purchased material account for between 70 and 95 % of PCF, depending on location and use. That is why we have developed a roadmap for querying and integrating emission data into the Woco processes.

In 2023, the automotive industry agreed on the "cradle-to-gate" system boundaries. The calculation should be carried out in accordance with the specifications of DIN ISO 14067.

We aim for a software-based calculation of the PCF in order to be able to take this value into account in the Woco processes and the internal product development process (PEP).

We will make a decision on the next steps and which software to use in 2024. Here we will take into account the requirements of the industry initiative "CantenaX" (see chapter Digital Product Pass 3.4.4).

To calculate the PCF, we need reliable data from the supply chain. Because this data is often not available, secondary data from recognized databases (such as ecoinvent or GaBi) is often used. These secondary data represent the average emission values for certain materials. This means that company-specific aspects and improvement processes are not taken into account in material production. In 2023, we began to systematically survey our raw material suppliers for so-called primary data with product-related CO<sub>2</sub> equivalents.

**Next Steps:**

- We will internally review the quality of the PCF primary data requested to assess its use in PCF calculations.
- For 2024, we have decided to extend the query to our purchased parts. Here, we will at least carry out an internal quality check of the data.

### **3.4.3 PEF (Product Environmental Footprint)**

The PCF refers exclusively to the greenhouse gas effect of a product and neglects other environmental aspects. This means that no statement can be made with the PCF regarding the environmental compatibility of a product.

If other environmental effects such as land use, biodiversity or toxicity have a higher impact, the PCF can lead to incorrect product evaluations and recommendations for action. That is why, in addition to the activities on the PCF, we will follow the EU's discussions on the subject of PEF (Product Environmental Footprint) in order to be able to react early on.

### 3.4.4 Digital product pass

The digital product pass is intended to promote the circular economy through standardized data.

Since 2021, Woco has been addressing this topic as part of the CEWI project by participating in the project group "Digital Product Pass": CEWI – Subgroup Digital Product Pass: <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 ourselves for the foreseeable legal obligation for the Digital Product Passport (DPP).

According to the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV), legislation at EU level pursues the following objectives: Structuring environmental data in a standardized, comparable format enables all actors in the value creation and supply chain to work together toward a circular economy. The digital product pass is also an important basis for reliable consumer information and sustainable consumer decisions in both retail and online.

The digital product pass is a data set that summarizes the components, materials and chemical substances, or information on repairability, spare parts, or proper disposal for a product. The data comes from all phases of the product lifecycle and can be used for various purposes (design, manufacture, use, disposal) in all these phases.

As Woco, we are following the developments of the industry initiative "CantenaX". CantenaX is an open data ecosystem for the automotive industry that forms data chains to optimize the value chain.

According to CantenaX, these applications are associated with this: "With the introduction of our first offering, we are at the forefront of innovation and focus on key issues, including: CO<sub>2</sub> footprint of products, battery and product passports, robust supply chains, part traceability, circular economy, and master data management. Together, we can reduce costs, accelerate implementation, and create unmatched business value compared to point solutions."

#### **Next Steps:**

- In 2024, we will make costs and effort with regard to the use of the data ecosystem "CantenaX" and create a roadmap for this purpose.

### **3.4.5 Dialogue with stakeholders**

In addition, we meet with market participants to discuss recycling and life cycle analysis, generating new ideas. For example, we work in the joint project Recycled Plastics Institute Lüdenscheid or are in constant contact with our raw material suppliers.

The current project "Recycling 2" is mainly concerned with PCR recyclate sources and the development of standards regarding data quality, batch consistency and long-term values. The project will run for 2 years and will run until 2026.

#### **Next Steps:**

- Participation in the "Recycling 2" project of the Plastics Institute Lüdenscheid until 2026

## **4 Social**

Qualified and motivated employees are the largest asset of Woco. They ensure the company's productivity, quality and ability to innovate and consider fulfilling customer expectations as their guiding principle. We therefore want to establish ourselves as an attractive employer with above-average employee satisfaction in order to compete in global competition.

Woco is aware of its responsibility as an employer and creates jobs with positive working conditions and fair pay, both for the safety and health of employees and the hired employees.

The target picture for the field of action social affairs developed in the ESG strategy 2021 – 2022 is:

**Woco's employees value Woco as an excellent employer, who balances individual development needs and life situations and for whom health, diversity, equal opportunities and participation are anchored values.**

**Regarding suppliers, Woco focuses on compliance with international social standards and works together with them to achieve this through industrial initiatives.**

The main issues arising from this are:

#### **Social:**

##### **15. Employee Development and Qualification:**

Continuous training and upskilling of the workforce

##### **16. Occupational health and safety:**

Prevention of health disorders caused by work activities, by associated occupational diseases or on the way to work

##### **17. Diversity and equal opportunities:**

Inclusion and abolition of barriers to minorities, other religions, women and mothers/dads

##### **18. Workers' rights:**

All statutory rights of employees and employees, such as fair remuneration, holidays and freedom of assembly

Our previous orientation toward the Global Compact has been extended to include other internationally recognized guidelines such as the OECD guidelines, the ILO Core Labour Standards, the UN Principles for Economic Affairs and Human Rights. In doing so, we want to continue to contribute to the achievement of the UN SDGs.

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

#### **Woco Corporate Policy:**

- Reliability, openness, trust and mutual appreciation are the cornerstones of the Woco's culture. We live this culture together with business partners and employees, and it is the basis of close and successful collaboration.
- The employees are actively involved in the implementation of the company policy.
- Achieving demanding targets in the market requires outstanding performance by all employees. Motivation is the most important motor at Woco, and the managers promote it in a targeted manner.
- All employees contribute to occupational health and safety by using the equipment provided as intended and by participating in the continuous improvement of occupational health and safety conditions through ideas and suggestions. Our managers are role models and are aware of their particular responsibility in this regard.
- At Woco, we ensure safe and healthy working conditions for the prevention of work-related injuries and illnesses. In addition, we are committed to eliminating hazards and minimizing safety and health risks.



## **4.1 Employees**

The strategic realignment of Woco was also further advanced at the organizational level. The direct allocation of our global production sites to the newly created product segments and the ongoing transformation led to a major change in the required global competency profiles of our employees, which is being shaped alongside the ongoing demographic change of HR.

The positive side effects of measures taken during the pandemic period (e.g. mobile work, reduction of travel activities, digitization initiatives) were continued or, in some cases, firmly established within the group.

### **4.1.1 Organization and responsibility**

Digitally supporting global employee development and retention is central to HR goals, which we want to have implemented by the end of 2024. In this context, we will optimize data collection, define appropriate KPIs and optimize our reporting by 2024 at the latest. In addition, digital technologies now enable a very efficient systematization of many personnel management processes.

The implementation of all HR-relevant topics is managed by the HR central department and is carried out in consultation with the responsible persons in the segments and plants.

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

### **4.1.2 Duties of care for our production units**

We took the issue of human rights due diligence into account in our production units as early as 2019. The focus was on the UN Principles for Economy and Human Rights and a first country-specific risk analysis based on the CSR Risk Check. The CSR Risk Check is an online tool from MVO for assessing the local human rights situation as well as environmental, social and governance issues.

In 2022 and 2023, our focus was on the issue of human rights due diligence in the area of supply chains (see Chapter 4.2).



### **Commitment to human rights**

Our code of conduct is the central document of our commitment to all stakeholders. The first version of the code of conduct was introduced in 2017. The current version of the Woco code of conduct 2.0 takes into account international frameworks and the requirements of human rights due diligence.

The Woco code of conduct (2.0) has been available to all stakeholders via our homepage since May 2023. In addition, all employees can access it via our internal OneIMS (Integrated Management System).

### **Risk analysis**

For our production units, we will continue to use the CSR Risk Check to obtain a country-specific overview of the risk situation. In 2024, we will compare the country-based CSR Risk Check with Woco activities to identify potential gaps and plan our next activities.

### **Preventive and remedial measures**

Our management systems ISO 14001 (environmental management system) and ISO 45001 (occupational health and safety) cover a wide range of relevant environmental and social care obligations at the sites.

In 2022 and 2023, we optimized the internal whistleblower system from 2017 and made it accessible to all stakeholders. Language barriers have also been taken into account, so that we would like to make it easier for all employees to access the message. For more information, see the Governance - Complaint Mechanism chapter.

Various audits are now possible to prove that the required due diligence obligations for humans and the environment are being implemented. This includes auditing in accordance with the Responsible Supply Chain Initiative (RSCI) and the Responsible Business Alliance (RBA). We are examining the application of these possibilities over the next few years.

**Next Steps:**

- Training on the background of human rights due diligence and also legal requirements will be introduced in 2024.
- In 2024, we will once again carry out a country-specific risk analysis based on the CSR Risk Check to take into account the dynamic developments regarding the risk situation.
- Check to what extent a pre-audit in accordance with RSCI or RBA proves the implementation of the due diligence obligations at the production units.

**4.1.3 Employee development and qualification**

With our Experience Management (HR-XM), we offer tailored solutions for the entire employee lifecycle. Our goal is to make our solutions modern, digital and efficient. We see ourselves as the designer of transformation and the driver of digitalization. Focused on the people at Woco, the individual solutions are divided into the following categories:

Recruiting: Solutions for recruiting and onboarding

Employees: Solutions for enablement, performance, development, and retention

Alumni experience: Offboarding and network for former employees



We want to find the best talent, specialists, retain people in the long term and develop them individually and continuously. We want to offer our employees a corporate culture in which they feel comfortable and in which teams grow together to form permanent units. In doing so, we create working models that fit in with private and professional life and communicate with them at eye level.

- In the reporting year 2023, an average of 4,803 (previous year: 4,740) employees (excluding trainees) were employed worldwide, of which 17 % (previous year: 18 %) were employed in Germany and 83 % (previous year: 82 %) abroad.



## **Personnel movement**

Overall, global personnel capacities were kept at a constant level compared to the previous year, although there were shifts. The largest changes in terms of numbers abroad are due to an expansion of production capacities at Woco Automotive Polymer Systems de México, S.A. de C.V. in Lagos de Moreno (FTE +96) and Woco Tech Elastomere Noida Ltd. In India (FTE +76). The sale of the Woco Técnica S.A. site in Spain led to a reduction in personnel capacities (FTE -43), as well as the transformation of the Woco STV s.r.o. product portfolio in the Czech Republic (FTE -31).

## **Education and career plans**

At Woco, the development process encompasses the areas of specialist, methodological, management, language and computer 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, in local and international cooperation or in the further development of entire organizational units.

In addition, employee interviews are held annually. Here, the target achievement of the previous year is discussed with the respective manager and the target agreement for the current year is defined. The assessment of functional, IT, language and Woco competencies is part of the discussion. An assessment is made independently of each other by the interlocutors, which is assessed during the interview.

The employee interviews are also used to define the training measures, which are then coordinated by the responsible HR departments.

- *Around € 0.7 million was spent on training measures in 2023.*

In 2022, Woco launched the theme "Talent Management". At Woco, we understand talent management as a systematic and controlled process that essentially involves two key factors in the success of a company. On the one hand, this is the systematic process of succession planning and long-term personnel planning (focus: Position). Selected, mission-critical positions are defined as part of succession planning. This ensures that these positions remain filled by identifying potential successors who are able to fill this position in the short and medium term.

On the other hand, a systematic approach is used to identify and promote talents (focus on person). With the development of talent, we identify employees who are clearly able to develop and prepare themselves for the advancement to a specialist or management position in order to promote them in a targeted manner.

The gradual introduction of talent management takes place in several phases

- Ensure that key positions remain occupied
- Loyalty of high potentials and talents
- Ensuring visibility into existing potentials and talents
- Minimize business risks that may arise from short-term, unplanned fluctuation

In 2023, we were able to implement the Talent Management measure at the following Woco locations: Germany, Hungary, China and Mexico.

#### **Employee qualification**

- The global, digitally supported systematization of employee development, qualification and retention programs is thus a central goal in the HR area, which we want to have implemented by the end of 2024.
- We will extend our talent management to other locations.

#### **4.1.4 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 business environment that makes us successful and contributes to the diversity of the Woco family.

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

In order to establish a common denominator of coexistence, we have the Woco code of conduct as the central rule document. Version 2.0 explains our standards against which we want to be measured.

As Woco, we adhere to the legal regulations of the respective countries on the subject of working hours. If there are no requirements for this, we will orient ourselves to the corresponding ILO conventions. These are defined in the Woco code of conduct 2.0. The Woco code of conduct is available to all stakeholders via the homepage.

As a family business, we want to actively support the reconciliation of work and family life. For example, at our German locations, we provide all employees with basic information on the subject of "Parental Allowance, Parental Allowance Plus, Parental Leave" and a leaflet via our



intranet. As a further information sheet (accessible to all), the responsibilities of the supervisors on the subject of maternity protection can be viewed.

The reintegration of employees on parental leave is of particular concern to us. Regular communication during the parental leave period should be emphasized. Returning employees are almost invariably redeployed to the original work area at German locations.

In order to improve the balance between work and family life, we have different working time models. Country-specific legal requirements are taken into account and, where available, the trade unions are involved.

#### **4.1.5 Employee rights**

All employees are entitled to fair, non-discriminatory remuneration for their contribution.

Woco will comply with the applicable collective agreements by region and country. In countries where tariff rules apply, we adhere to the country-specific minimum requirements.

As described in our code of conduct, we as Woco respect the right of our employees to freedom of association, freedom of assembly, collective bargaining and collective bargaining. If freedom of association and collective bargaining are restricted by law, we will seek alternative ways to best comply with the principles of ILO Conventions Nos. 87 and 98 with local laws.

Due to the heterogeneous requirements, Woco therefore does not maintain statistics on how many percent of employees are employed within existing collective agreements.

#### **4.1.6 Occupational safety and health**

Woco ensures the safety and health of all employees, temporary workers, and visitors. A limited responsibility must be assumed for external companies that operate on Woco's premises on their own responsibility, as we are not authorized to issue instructions here.

In a processing plant with processes that require the use of machines and chemicals, special hazards can occur depending on the workplace.

##### **4.1.6.1 Organization and responsibility**

The topic of occupational health and safety is part of our internal guidelines (Woco code of conduct 2.0) as well as part of the integrated management system.



With the integrated management system, we have been following the requirements of ISO 45001 since 2018. Thus, the necessary requirements for an occupational health and safety management system based on ISO 45001 are binding for all production units in order to set up an internal management system.

The senior management has appointed a senior management member who, regardless of other responsibilities, has responsibilities and powers that include:

- Ensure that an SGA management system is implemented, implemented and maintained in accordance with the requirements of the relevant international standard
- Report the performance of the SGA management system to the top management for evaluation, including recommendations for improvements

The resulting activities of the internal management system are under the responsibility and management of the plant management, who assess the effectiveness and fulfillment of the occupational safety and health program in the management review.

In addition, as already announced in the 2019 Sustainability Report, we have the functionality of the system confirmed by an external certification. From 2020, we were able to implement external certification in accordance with ISO 45001 at 80 % of the Automotive production units.

#### **4.1.6.2 Accident statistics**

Due to the corona pandemic upheavals, not all production sites have participated in an external certification process. Full coverage of all production plants is planned for the next few years.

Key figures in this area include the number of accidents, aggregate downtime, and standardized indicators such as the injury rate and lost day rate, each in relation to the calendar year 2018.

The metric "Number of accidents at work including near misses" is part of the plants' monthly performance report to the management. Appropriate action plans are created continuously. Starting in 2023, a systematic exchange of information between the plants on the subject of "occupational accidents" will take place in order to learn from each other and to establish ideas for improvement in the Woco world.

Woco also expects suppliers to comply with all legal obligations and to actively engage in occupational health and safety.



### **Next Steps Occupational Safety:**

- Full coverage of all production plants with ISO 45001 is planned for the next few years.

## **4.2 Workers in the value chain**

In order to meet its social and environmental responsibility holistically, every company must systematically and in the long term take care of its own supply chain in order to minimize the associated risks. This entails social and corporate responsibility to respect human rights and the environmental rights that they entail.

Unforeseen incidents such as the coronavirus pandemic, the associated supply bottlenecks, water shortages and natural disasters, or even stricter environmental regulations, can lead to price increases or supplier failures and thus influence the company's own business.

Only in close cooperation with the supply chain can important social requirements such as decarbonization, the promotion of the circular economy or the implementation of due diligence obligations be achieved.

Woco is responding to the demands of sustainability in the procurement sector. This sustainability is not only demanded by legislators, stakeholders and society, but is also one of our primary corporate goals.

### **4.2.1 Organization and responsibility**

Woco essentially controls strategic purchasing via a central product group management system. In addition, strategic purchasers in the plants in all regions form the interface to the local demand carriers. Responsibility for operational purchasing and the disposition of the scope of purchased parts is also in the plants.

The purchasing processes as well as the guidelines and procedural instructions are centrally designed and responsible and are closely linked to the product development process in terms of new business allocation.

### **4.2.2 Supply chain due diligence**

In order to implement the UN principles within the framework of a national action plan, industry actors from companies, associations, trade unions, civil society organizations and other initiatives have decided to develop solutions together with the Federal Ministry of Labour and Social



Affairs, to improve the human rights situation along the global supply and value chains of the German automotive industry in the context of an industry dialog.

As Woco, we have joined the multi-stakeholder forum process of the automotive industry since 2020. It is made up of relevant actors from the automotive industry and civil society with expertise on human rights risks in the automotive supply and value chains.

In the industry dialog for the automotive industry, instructions for the five core elements of human rights care (declaration of principle, risk analysis, measures, reporting and complaint mechanism) were developed.

They are self-contained guides and fully address the requirements of the NAP. In addition, the requirements of the truck control unit are taken into account and marked separately. The implementation-oriented instructions act as toolboxes and guardrails in the individual and ongoing process of implementing human rights due diligence obligations.

The instructions for action were presented in September 2022. They should be understood as a "learning journey", as implementation can only be carried out in cooperation with the partners, both the customers, the employees and the suppliers. The most important work since 2020 on the implementation of due diligence is the participation in the industry dialog of the automotive industry on the implementation of the UN principles of economy and human rights. The resulting operating instructions, which were published in September 2022, guide our further activities, both for the supply chain and for our own production sites.

The aim and result of this work can be viewed at the following link:

<https://www.csr-in-deutschland.de/DE/Wirtschaft-Menschenrechte/Umsetzungshilfen/Branchen-dialoge/Automobilindustrie/automobilindustrie.html>

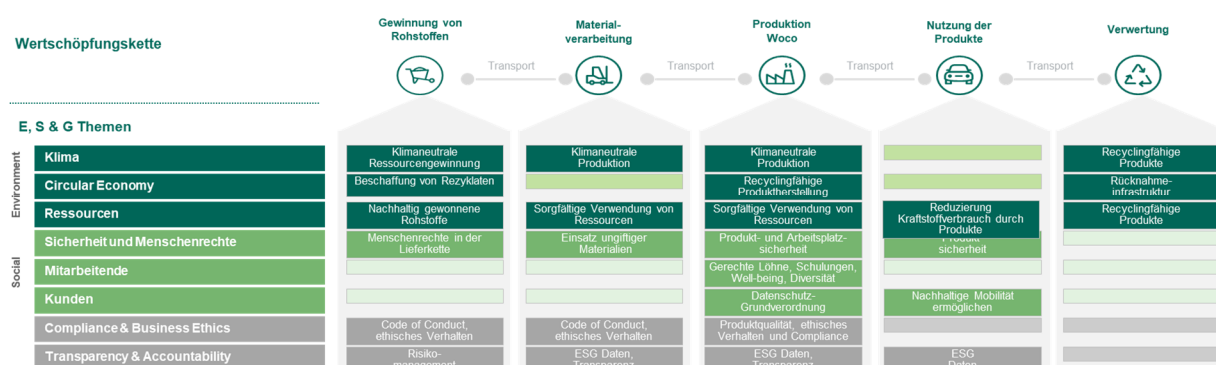
#### **4.2.1 Commitment to human rights – implementation**

Based on the guidance, we revised our Supplier code of conduct in 2023. Version 2.0 takes account of the international frameworks that serve as guidelines for integrating human rights issues and related environmental rights. The supplier code of conduct is transparently stored on the homepage. This is how we define our Woco claims and encourage suppliers to set up a due diligence process.

## 4.2.2 Risk analysis

With the help of a human rights risk analysis, actual and potentially adverse effects are systematically identified, evaluated and prioritized.

In a first step, we have broken down the topics of materiality analysis into the value chain. In the abstract risk analysis, we decided to concentrate our capacities on the Automotive product segment, because we generate 85 % of sales here. In a 2<sup>nd</sup> step, we will transfer the processes generated here to the non-automotive business, whereby there is a large overlap between automotive and non-automotive in material-specific topics.



## Risk identification

- **Material-specific risk identification**

Within the scope of the material-specific topics, an analysis of the indirect supply chain is given. Here we take into account information from the material change report of Drive Sustainability, in which 37 of the most important raw materials were evaluated in 2018 with regard to ESG risks: [https://drivesustainability.org/wp-content/uploads/2018/07/Material-Change\\_VF.pdf](https://drivesustainability.org/wp-content/uploads/2018/07/Material-Change_VF.pdf). In 2021, Drive Sustainability launched the Raw Material Outlook (RMO), a platform dedicated to the management and mitigation of human rights violations and ESG impacts of materials used in the automotive value chain (link: <https://www.drivesustainability.org/sustainable-raw-materials-4/>). Here, an examination takes place up to the first stage (extraction of raw materials). In addition, we obtain further information from the EU Raw Materials Profiles (link: <https://rmis.jrc.ec.europa.eu/rmp/>).

- **Country-specific risk identification**

In the context of a country-specific risk analysis, we have made a selection from a variety of different indices recommended by BAFA or as part of the recommendations for action of the industry dialog. Social, environmental and rule of law assessments should be taken into account. The following indices included in our country-specific risk assessment.

ITUC: Focus on employee rights

Environmental Performance Index: "Ecological performance balance" of states, factors are environmental health, air quality, biodiversity, etc.

Corruption Perception Index: Perceived level of corruption in the public sector

Political stability no violence: The level of violence against journalists, opposition, trade unions, etc.

Rule of Law: Functionality of the rule of law

### **Event-based risk identification**

In addition, we need a process for identifying event-related risks. In this context, we do not have the necessary capacity at our disposal. That is why we have dealt with various service providers in order to be able to map a systematic process here. The decision on how to proceed will be made in 2024.

In addition, information from the appeal mechanism set up in 2023 will be taken into account.

### **Risk assessment**

On the basis of an internal risk assessment, we will evaluate various material groups successively and derive the necessary measures. To establish this process, we started evaluating three materials in 2023. Additional material groups will be defined in 2024.

All countries from which Woco purchases goods are considered. Various indices are used for this purpose. The results of the indices per country are harmonized and consolidated into a risk score.

The results of the risk assessment are transferred to the BI tool Qlik Sense for analysis and linking with data from the ERP systems (sales, articles, etc.). In the application "A5e. CSR risk score", the results are displayed graphically. Different reports can be logically linked together via individual analyzes. The specific risk analysis will be updated at least once a year, and the next steps will be determined.

### **Prioritization of risk fields**

When prioritizing risk areas, we take into account the probability of occurrence and severity. Particularly relevant risks must be seen in their irreversibility, for example in the case of occupational accidents resulting in death. In this context, we define minimum requirements for defining effective measures. In the field of occupational safety, this is, for example, the establishment of a management system in accordance with ISO 45001. We set our priorities in the areas of occupational safety and environmental protection management systems, including chemical management.

#### **4.2.3 Evaluation of suppliers**

We evaluate the percentage of suppliers with sustainability practices, whether they have an environmental management system, a code of conduct, or a sustainability report. We do this for suppliers that account for 70 % of our purchasing volume; in 2023, about 60 % of these suppliers had such measures in place. Our goal is to increase the number of suppliers with extensive sustainability ambitions. We focus primarily on suppliers from our core product area of polymer technology. Suppliers who have extensive sustainability services and/or where we as market participants have no influence will not be prioritized further. For the remaining suppliers with risk potential, the need for activities is determined in accordance with the polluter pays principle.

#### **4.2.4 Preventive measures and remedial measures**

The supplier code of conduct forms the basis of our supplier relationships. The supplier code of conduct is part of our contracts for direct and indirect suppliers. In doing so, we oblige suppliers to respect human rights and the environmental rights that they entail.

Suppliers register online. As part of this registration process, we have also integrated issues relating to sustainability services. The supplier evaluation process takes into account sustainability performance in addition to other quality requirements.

The findings from the registration process give us a first impression of the sustainability aspects. In a more comprehensive self-disclosure form, we will query and evaluate ESG activities from our suppliers for whom we do not yet have sufficient knowledge of sustainability and/or human rights activities.

In addition, we are examining the extent to which training by the German Federal Government's CSR Help Desk on human rights can be used for our suppliers in order to raise awareness of the need for human rights due diligence and to stimulate our own processes in the supplier chain.

Further concrete steps, such as conducting on-site audits in accordance with RSCI or RBA, are carried out as risk-based control measures at suppliers.

The on-site audits are used to develop corrective action plans as required. The tests and controls for implementation are carried out by independent third parties.

In addition to on-site audits, we will also take into account raw material certifications.

If the previous activities do not provide sufficient mitigation or remedy, a temporary suspension of the business relationship or the termination of the business relationship is to be expected.

Furthermore, we will accompany the activities of the automotive industry dialog and incorporate the findings into our work.

#### **Next Steps:**

- We will expand our material-related risk identification in 2024 to include additional material groups.
- The processes for fulfilling human rights due diligence obligations are carried out at least once a year and their effectiveness is reflected.
- In 2024, we will systematically integrate event-related risk identification into the processes.
- In case of substantiated knowledge, the due diligence processes are carried out during the year.

## 5 Governance

Woco considers correct and ethical conduct as the foundation for values-based, sustainability-focused corporate governance, and thus a vital key to economic success. Economic success and a strong reputation require that our corporate entities, management, shareholders, and ultimately all employees adhere to the applicable legal framework and universally accepted standards.

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

**Woco's leadership team is committed to his responsibility to its employees, customers and society and is able to address this through the clear organization of management of sustainability issues as well as through ethics, integrity and transparency. Sustainability risks in Woco's value chain are dealt with systematically and carefully.**

In the materiality analysis, the following main topics arise:

### **Governance:**

#### **19. Ethics, Integrity:**

Ensure compliance and implementation of ethical principles and integrity

#### **20. Supply chain due diligence:**

Basic management of social and ecological issues in the upstream chain

#### **21. Risk management:**

Structures, processes and responsibilities to classify, prevent or minimize risks

#### **22. ESG Governance:**

Structures and responsibilities for monitoring and implementing the ESG topics; collective awareness within Woco for social and environmental factors

#### **23. Transparency of sustainability performance:**

All external and internal communication on sustainability performance and efforts by Woco

## **5.1 Governance, risk management and internal control**

For us as Woco, compliance means that we orient ourselves according to the legal regulatory and culturally ethical framework conditions.

### **5.1.1 Ethics & Integrity – Compliance Management**

Woco established comprehensive, central compliance management in 2017 due to the great importance of the topic complex. Woco's compliance management aims to ensure compliance with applicable laws, regulations and guidelines and to actively counteract any problems and violations. It serves to ward off material damage and to avoid loss of reputation.

The code of conduct is the central instrument of compliance management. As early as 2017, uniform, practically applicable and consistent information was provided for integrity and correct behavior in everyday business situations. We have revised the code of conduct and adapted it to the dynamic requirements of the market. The code of conduct 2.0 will be available from May 2023.

Our goal is to always act according to the highest standards and to be a model for integrity and transparency. Only strict observance of this code of conduct can avoid significant legal and economic risks for our company and therefore for all of us. Our compliance rules form the framework for our compliant behavior toward our employees and business partners.

We've implemented an effective compliance program to meet obligations. To this end, we have set up a Compliance Board that meets quarterly.

Woco's Compliance Board is headed by the Chief Compliance Officer, who is assigned to the CFO as is risk management. This reports to the management and, if necessary, directly to the shareholders.

The Chief Compliance Officer is responsible for designing and controlling information, control and documentation activities. The risk coordinators of the locations or individual companies are subordinate to it. They implement the tasks of the compliance organization at the local level and report to the compliance officer of the group.

The Compliance Board is responsible for reporting from the whistleblower system. The whistleblower system enables our employees, business partners and other stakeholders to report potential compliance violations. (See the Complaint Mechanism chapter.)



In 2023, no fines or sanctions were imposed for material violations of laws and regulations. There were no complaints about breaches of customer data protection or loss of customer data.

### **5.1.2 ESG - Governance**

As early as 2019, sustainability was placed under the direct responsibility of the CFO in order to ensure 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 management must attend ESG information events on a regular basis, which are conducted by the sustainability manager. The aim of these training courses is to provide sufficient basic knowledge that is relevant for decisions to optimize the existing sustainability strategy and for planning the corresponding budgets. After successful participation in two training courses, a member of the management is considered to be an ESG-competent person.

The findings gained from this have been incorporated into the new Woco strategy, which has independence from the internal combustion engine as its transformation goal.

Woco offers products that help our customers manage the technology transition from an internal combustion engine to electromobility. New business models and e-mobility products must be established and are already in place.

### **5.1.3 Risk management**

Woco Group's risk management approach, which also applies to climate-related risks, is based on the company's current organizational structure. The strategic orientation of the global production sites is determined by the headquarters. The operational implementation and management are the responsibility of the segment managers in cooperation with the local managers. It is responsible for recording, evaluating, documenting, reporting and managing risks.

The group risk results from the consolidated individual risk areas, supplemented by the cross-sectional risks from the group's point of view. Group risk management, acting on behalf of the management board, defines the conceptual framework for group-wide risk management and ensures through overall coordination that the requirements in the sense of the Law on Control and Transparency in the Corporate Division are met for Woco.

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

The aim of the risk assessment is to provide a complete and structured record of all risks relevant to the company. Relevant means existing or future risks that may affect a company. To support risk inventory, group risk management has defined potential risk areas and risks. Once identified, the risks must be analyzed and evaluated. The aim of the analysis is to identify causes, effects and possible interactions with other risks. All identified risks must be assessed to determine their potential threat; a risk is assessed by the possible damage impact (on a scale from insignificant to catastrophic) and probability (on a scale from rare to near-safe). All identified risks should be evaluated using 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 notifying bodies by means of a written risk assessment. The report focuses on new risks and changes compared to the previous period. The risk reports of the reporting units must be released according to the four-eye principle (risk coordinator and local process owner) and forwarded on time to the group risk manager, who then creates a summary of all the reports of the Woco Group.

## **5.2 Business Code of Conduct**

The code of conduct is the central instrument of compliance management. This has already created 2017 principles that provide consistent, practically applicable and consistent indications of integrity and correct behavior in everyday business situations.

The code of conduct applies to all group companies of Woco in Germany and abroad as well as to all companies in which Woco has a direct or indirect majority stake. This also applies to all temporary employees and all those acting on behalf of Woco. All employees are clearly informed of the policy and the rights and obligations associated with it. The code of conduct covers both internal business and external relationships with customers, suppliers, politics, administration and other parties and individuals.

Our previous orientation toward the Global Compact has been extended to include other internationally recognized guidelines such as the OECD Guidelines, the ILO Core Labour



Standards, the UN Principles for Economic Affairs and Human Rights. In doing so, we want to continue to contribute to the achievement of the UN SDGs.

These claims are also included in our new Woco code of conduct version 2.0, which was released in May 2023. The code of conduct is available to all stakeholders with the publication on the homepage.

### **5.2.1 Organization and responsibility**

We have decided to monitor the topics of compliance, ESG and risk management in a separate committee. In view of the diverse requirements and changes resulting from the EU's Green Deal, it seems sensible to integrate the topics even more closely. That is why we founded a compliance, risk management and ESG steering committee at the beginning of 2023.

Here, all members of the management are reported quarterly on the achievement of the objectives of the defined measures and the next steps. The findings of this panel will be taken into account in the definition of the annual sustainability strategy.

In order to give our employees even more security in various subject areas, we are working on further topic-specific guidelines, which we finalize in 2024:

- Anti-Corruption Policy
- Grant Policy
- Conflict of Interest Policy

In this context, we will adapt our existing compliance organizational policy to the organizational changes, new features in the complaint mechanism, and the associated advanced training concepts. We want to ensure that employees are trained on these topics once a year in the future. The same applies to the members of the control bodies.

### **5.2.2 Training concept**

The code of conduct is available in German and English on Woco's intranet and can be viewed by employees at any time. In addition, the German version of the code of conduct has been on the homepage since May 2023. Translation into other languages is carried out by the respective plants.



For employees without access to the intranet (especially production), the availability of a printed version ensures that they can take note of its content. All new employees will be given the code of conduct with the employment contract.

The content and background of the code of conduct is explained to employees in a company-wide compliance training. The training will be implemented by the plant managers using uniform materials.

Training began in the first half of 2017, and by mid-2017, 100 % of employees had completed training. Since then, training on the code of conduct has been mandatory for new hires and transfers. Proof of instruction is documented per employee.

Training is conducted by the respective plant managers, who have to train new employees. For our other topic-specific guidelines, we will use online training formats in the respective national languages from 2024 onwards.

### **5.2.3 Complaint mechanism**

We have made our previous complaint mechanism, which our employees have been able to use, accessible to all stakeholders via the new homepage. This enables our employees, business partners and other stakeholders to report potential compliance violations.

The central component is a web-based reporting platform, which is available via the homepage in 14 different languages. This allows encrypted and protected messages to be submitted to contact the compliance board. Incoming notices will be handled independently and confidentially. The reporting platform offers the possibility of anonymous reporting and communication.

There is also the option of contacting the compliance board by e-mail or by telephone. Mail or direct contact with the Chief Compliance Officer is also available. We also refer you to other external hotlines if the aforementioned hotlines do not wish to be used.

Employees who report a violation in good faith will be protected and under no circumstances discriminated against on the basis of their report.

#### 5.2.4 Reported violations

Depending on the chosen reporting method, the whistleblowers receive an acknowledgment of receipt of the message within 7 days, provided that we have been given a contact option or the message has been submitted via the web-based reporting platform. The compliance board will first check whether this is a report that falls within the scope of the compliance board and the whistleblower protection act. If further processing by the compliance board is not required, the whistleblower will immediately receive a corresponding notification, possibly with suggestions as to who can be contacted as an alternative to the request.

If the initial review of the message reveals that the message is a process that falls within the competence of the compliance board, the compliance board handles the case and initiates the necessary steps. After the case processing has been completed, but no later than 3 months, the whistleblower receives qualified feedback for reporting either via the contact details provided or, if this was used for reporting, via the anonymous mailbox of the web-based reporting platform.

Under our complaint mechanism, which is implemented through the code of conduct, there are no discrimination incidents by the end of 2023.

Serious economic/social (socioeconomic compliance) cases, corruption or anti-competitive behavior and environmental concerns were not reported in 2023. There are no known violations and no fines have been imposed.

#### **Next Steps:**

- Due to the increasing importance, Woco has decided to examine the functionality of the existing compliance management system with external help and to further adapt it if necessary. This process will continue until the end of 2024.

## 6 GRI Index

This report has been created with reference to the GRI standards. The GRI index shows where the indicators set by the GRI are to be found in the report.

<b>Application Statement</b>	WOCO has the information listed in this GRI index for The 01/01/2023 - 12/31/2023 period with reference to The GRI standards report.
<b>GRI 1 used</b>	GRI 1: Basics 2021

GRI-Standard	Disclo-sure	Name	Page	Comple-teness	Comment	Reason for o-mission
GRI 2 General information 2021						
2	1	Organization profile	1-2	Complete		
2	2	Entities involved in the organization's sustainability reporting be considered	1-2	Complete		
2	3	Reporting period, reporting frequency and contact point	1	Complete		
2	4	Correction or representation of information	5	Complete		
2	5	External testing	1		No external Check	Not applicable
2	6	Activities, value chain and others business relationships	2-5	Complete		C: Relevant Business relationship – 50% Joint Venture Polymer Technik GmbH Wittenberg -
2	7	Staff				Information unavailable/ incomplete
2	8	Employees who are not employees				Information unavailable/ incomplete
2	9	Management structure and composition	9-11	Complete		<a href="https://www.woco-group.com/de/company">https://www.woco-group.com/de/company</a>
2	10	Nomination and selection of the highest control body	9-10	Partly	Point b is not reported	
2	11	Chairperson of the highest supervisory body	9-10	Complete		

GRI-Standard	Disclosure	Name	Page	Completeness	Comment	Reason for omission
2	12	Role of the highest control organs at the supervision of the management of the effects	12-13, 77	Complete		
2	13	Delegation of responsibility for that management of effects	12-13	Complete		
2	14	Role of the highest monitoring bodies in sustainability reporting	11-12, 16	Complete		
2	15	Conflicts of interest				Information unavailable/incomplete
2	16	Transmission critical concerns	73-74	Partly		
2	17	Collected knowledge of the highest control body	77	Complete		
2	18	Assess the performance of the highest control body				Information unavailable/incomplete
2	19	Remuneration policy				Information unavailable/incomplete
2	20	Procedures for determining the remuneration				Information unavailable/incomplete
2	21	Ratio of total annual compensation				Information unavailable/incomplete
2	22	Declaration of application of the sustainable development strategy			Preface: Michael Lorig - ESG	
2	23	Commitment principles and actions	11-12, 30-31, 60-61,	Partly	Points e, f are not reported	
2	24	Inclusion of political commitments	68-69, 76-77, 79	Partly	Point a, partially covered	
2	25	Procedures for eliminating negative effects	76.77	Complete		<a href="https://www.woco-group.com/de/company">https://www.woco-group.com/de/company</a>
2	26	Procedures for obtaining advice and reporting concerns	76.77	Complete		<a href="https://www.woco-group.com/de/company">https://www.woco-group.com/de/company</a>
2	27	Compliance with laws and regulations	76	Complete		
2	28	Membership in associations and interest groups	13-14			

GRI-Standard	Disclo- sure	Name	Page	Comple- teness	Comment	Reason for o- mission
2	29	Approach to stakeholder engagement	9-10, 13-14, 54, 58	Partly	No categories of stakeholders and description of their involvement	
2	30	Collective agreements	66	Partly	Quantitative data missing	



GRI-Standard	Disclo-sure	Name	Page	Comple-teness	Comment	Reason for o-mission
GRI 3 Main topics 2021						
3	1	Procedures for identifying key topics	16-18	Complete		
3	2	List of essential Topics	18-20	Complete		
3	3	Management of Key topics				
		<b>P. 21 Performance:</b> P. 16 Economic performance 22 Innovation P. 26 Digitization & Data  <b>P. 30 Environment</b> P. 31 Decarbonization P. 47 Recycled materials P. 53 Circularization P. 55 Ecological footprint P. 41 Occupational environmental protection P. 41 Adapting to the consequences of climate change  <b>P. 58 Social affairs:</b> P. 62 Employee Development P. 66 Occupational safety & health  P. 65 Diversity & equal opportunities P. 66 Workers' rights  <b>P. 75 Governance</b> P. 75 Ethics, integrity P. 69 Duties of care in the Supply chain P. 77 Risk management P. 77 ESG - Governance			Material topics are in the following chapters	

GRI-Standard	Disclosure	Name	Page	Completeness	Comment	Reason for omission
<b>Economic performance (economic performance)</b>						
GRI 201 Economic performance 2016						
201	1	Directly generated and distributed economic value	2	Partly	No concrete splitting, specification of sales for 2023	
201	2	Financial consequences of the climate change for the organization and other risks and opportunities associated with climate change	41, 76	Partly	Method not disclosed, costs of measures not reported	
201	3	Liabilities for performance-oriented pension plans and other provision plans				Information unavailable/incomplete
201	4	Financial support from the public authorities				Information unavailable/incomplete
<b>Anti - Corruption (Ethics, Integrity)</b>						
GRI 205 Anti-Corruption 2016						
205	1	Establishments that have been tested on corruption risks				Information not available /incomplete
205	2	Communication and training on guidelines and procedures for fighting corruption	80-81	Partly	No splitting of category and region	
205	3	Confirmed corruption incidents and taken measures	78	Partly	Points (b), (c), (d) are not reported	
<b>Anti-competitive behavior (ethics, integrity)</b>						
GRI 206 Anti-competitive behavior 2016						
206	1	Legal proceedings for anti-competitive behavior; cartel and monopoly education	78	Complete		
<b>Materials (recyclates &amp; renewable raw materials / circularization)</b>						
GRI 301 Materials 2016						
301	1	Materials used by weight or volume	45-58	Partly	No split into non-renewable and renewable materials	
301	2	Recycled used raw materials	47-48	Partly	Formula not reported	
301	3	Recycled products and their packaging materials				Information unavailable/incomplete
<b>Energy (ecological footprint of products / environmental protection at company level)</b>						
GRI 302 Energy 2016						

GRI-Standard	Disclosure	Name	Page	Completeness	Comment	Reason for omission
302	1	Energy consumption within the organization	33-35	Partly	Consumption calculated Basis of the CCF, no information on points b, d	
302	2	Energy consumption outside the organization	33-35	Partly	See statement, p. 33	
302	3	Energy intensity	34-35	Partly	Points b, c not reported Base/denominator: Total FTE in 2023 (4600)	
302	4	Reduction of energy consumption				Information unavailable/incomplete
302	5	Reducing energy demand for products and services				Information unavailable/incomplete

**Emissions (decarbonization / adaptation of climate change / ecological footprint of the products/ environmental protection in the company)**  
GRI 305 Emissions 2016

305	1	Direct GHG emissions (Scope 1)	34-37	Complete		
305	2	Indirect energy-related GHG emissions (Scope 2)	34-37	Complete		
305	3	Other indirect GHG emissions (Scope 3)	34-37	Complete		
305	4	Intensity of greenhouse gas emissions	40	Partly	Point d, not reported	
305	5	Reducing the greenhouse gas emissions	35-39, 48-50	Partly	From CDP, point b, c not reported	
305	6	Emissions of ozone degrading substances				Information unavailable/incomplete
305	7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions				Information unavailable/incomplete

**Environmental assessment of suppliers (under business portrait)**  
GRI 308 Environmental assessment of suppliers 2016

308	1	New suppliers who were checked based on environmental criteria	72-73	Partly	Quantitative data is not available  Supplier Portal: <a href="https://www.wocogroup.com/de/company">https://www.wocogroup.com/de/company</a>	
308	2	Negative environmental impact effects in the supply chain and seized measures	73-74	Partly	Point (b), (c), (d), (e) not reported	

**Education and training (employee development)**  
GRI 404 Education and training 2016

GRI-Standard	Disclosure	Name	Page	Completeness	Comment	Reason for omission
404	1	Average number of hours of education and training per year and employee				Information unavailable/incomplete
404	2	Programs for improving the competencies of staff and for transition support	63-64	Complete		
404	3	Percentage of employees who regularly receive an assessment of their performance and their professional development	63-64	Partly	Currently no quantitative information available	
<b>Diversity and equal opportunities (diversity and equal opportunities)</b> GRI 405 Diversity and equal opportunities 2016						
405	1	Diversity in control organs and among employees	9-11	Partly	Executive Management: M / Age: 30-50  No splitting of employees in m/f/d and age possible.	
405	2	Ratio of base salary and remuneration of women to base salary and remuneration of men				Information unavailable/incomplete
<b>Non-discrimination (diversity and equal opportunities)</b> GRI 406 Non-discrimination 2016						
406	1	Discrimination incidents and remedial measures taken	76	Partly	Point b is not reported	
<b>Social evaluation of suppliers (due diligence in the supply chain)</b> GRI 414 Social evaluation of suppliers 2016						
414	1	New suppliers who were checked based on social criteria	72-73		No quantitative information available.  Supplier Portal: <a href="https://www.wocogroup.com/de/company">https://www.wocogroup.com/de/company</a>	Information unavailable/incomplete
414	2	Negative social effects in the supply chain and actions taken	72-73			Information unavailable/incomplete
<b>Protection of customer data (digitization)</b> GRI 418 Protection of customer data 2016						
418	1	Justified complaints relating to the violation of the protection of customers data and loss of customer data	77	Partly	Item a not reported	