

## IMPRINT

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### Publication

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# SUSTAINABILITY REPORT 2021

Strategy and action of our corporate group





# OUR FUTURE HAS ITS ROOTS IN TRADITION

At an early stage, and before other companies of comparable size and significance, Witzenmann acknowledged its economic, environmental and social responsibility. The signing of the Tutzinger Declaration on "Promoting sustainable consumption - Process towards national understanding in Germany" and entry to the UN Global Compact were important milestones in the 168-year history of the family business. Responsible, social and societal engagement were a constant part of this journey.

## An important foundation stone

The Witzenmann Group, under the leadership of its founding family, faces major challenges, as it has before. With a new strategic alignment of its sustainability activities, it is adjusting course and targeting ambitious goals.

- Authentic commitment to the environment and society throughout the entire value chain
- Support for the transformation to a sustainable world
- Support of the corporate objective "Attracting & Retaining Witzenmann People"

In this sense, the Sustainability Strategy represents an essential, cross-division foundation stone for the Witzenmann Corporate Strategy.

Dr. Andreas Kämpfe  
Chairman  
of the Board of  
Management

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Dipl.-Ing./Dipl.-Wirtsch.Ing  
Deputy-Chairman of the  
Board

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Managing Director

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Dipl.-Kfm.  
Managing Director



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Deputy-Chairman of the Board



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**Social engagement**

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WITZENMANN'S  
MANAGING DIRECTOR  
PHILIP PASCHEN**



# SUSTAINABILITY IS A GOOD FIT FOR WITZENMANN - AND WITZENMANN IS A GOOD FIT FOR SUSTAINABILITY

**Witzmann has long been grappling with Sustainability issues. Why is the Witzmann Group now drawing up a Sustainability Strategy?**

Concern about environmental protection and sustainability has deep roots with us. For example, as far back as 2011, we joined the UN Global Compact. Walter Witzmann, among others, was responsible for founding the "Green Chamber" of the local Chamber of Industry and Commerce. For many years, of course, we have had a well-established environmental management system and in practice have removed all hazardous materials here from our production, etc. For decades, we have been conscious of our responsibility to employees, the environment and the community. It can also be said that many sustainability topics have long been a fixed part of our everyday life in the company.

Since 2011 we have also been publishing our Sustainability Report. Previously, our Sustainability activities had always been very well prepared there. But now we must commit ourselves more strongly to specific saving objectives e.g. to the reduction of CO<sub>2</sub>. In future, many companies will also have to report more comprehensively on their sustainability activities.

In recent years, the discipline of sustainability has grown into a broad-based, technically-oriented, cross-sectional responsibility. Many things that were previously extremely difficult or not possible at all, such as the creation of CO<sub>2</sub> balance sheets, can now even be done by companies themselves.

Sustainability is a societal necessity. Lawmakers, the public, customers, owners and employees rightly have questions to pose to the company in this respect. Specifically, that means that we are confronted with the requirements from the EU Taxonomy, for example, the specifications of our customers and growing requirements from the sphere of environmental protection (e.g. bans on materials, etc.). Developing a comprehensive strategy makes sense, therefore, to keep what is essential in view and, above all, to drive the topic forward systematically.

**You say sustainability requirements have grown. What then are your premises and goals?**

The first is, we want to be authentic!

**We act systematically and are authentic in word and deed!**

For the major issues, we are now setting ambitious goals and measuring these through metrics. Alongside that, we are looking for measures we can implement directly. In that way our strategy becomes specific to the company. We don't buy off-the-shelf! That's important, if the strategy is to be authentic and credible.

In particular, the requirements of our customers are increasing. For example, to be eligible for a contract, we have to achieve a certain score in their rating systems. The scores absolutely must be right, because for quite some time now it has been possible to be blocked as a supplier for sustainability failings. Our scores are OK to good. But there is still room for improvement.

What we also mustn't forget: sustainability isn't just about the climate or protecting the environment, it's also about social and corporate responsibility, an important field. For this sphere, the Sustainability Strategy 2025 (NHS25) has developed its own topic area and metrics. As a company, we want to remain attractive for employees who are conscious of environmental and climate issues, etc. As a company with a decades-long tradition of social and corporate responsibility, in this respect we start from a very good position.

**What does the Sustainability Strategy look like?**

There is a strategy structure that has been built on the model of the Corporate Strategy 2025 or our Digital Strategy (DTS25). There is a central overarching message, which in the NHS25 is identical to the Statement of Purpose in our Corporate Strategy: "We aspire to make the world a cleaner and more reliable place." With some companies, the company's Statement of Purpose stands for itself alone. At Witzmann, we have a complete strategy behind it. Below the overarching message there are three topic areas (Environment | Resources, Employees | Society, Governance | Sustainable Business) each with a so-called "Pole Star" (Zero Emissions, Social Hero, Responsible Corporate). The sustainability projects and associated roadmaps are derived from these. This is especially important to me: the NHS25 is aligned with our

company strategy. One thing builds upon another and everything fits together well.

To properly implement our goods we have set up a "Sustainability" steering group with people from multiple disciplines. This guarantees we get as many ideas as possible from the start. Expert representatives from many departments take part, empowered to suggest actions for their area and then also implement them.

**Behind our Statement of Purpose stands an entire Sustainability Strategy!**

**How has Witzmann approached strategy development?**

We carried out a series of fundamental analyses. For example, among other things, we looked at

more than 40 sustainability reports to see how others were structuring the topic. We did the same with important customers and competitors. With these inputs we set up a "Materiality analysis" internally. In this regard, we asked in the group, and among our most important stakeholders, which sustainability topics currently are of material significance for our company and therefore need to be tackled urgently. From this we derived the priority topics and project structure plan of the NHS25. So, many inputs from the company and its environment fed into NHS25. Finally, we had a reputable sustainability consultancy subject NHS25 to a root and branch review. We came off very well. So I'm certain we are on the right track with our approach and have nothing to hide in this respect. →

Environment   Resources	Employees   Society	Governance   Sustainable Business
Climate change mitigation	Learning and development	Environmental and social standards in the supply chain
Energy efficiency	Occupational health and safety	Corporate compliance
Raw material and resource efficiency	Management and cooperation	Customer satisfaction
Environmental management	Social engagement	Sustainable products and solutions

Essential NHS25 topics



**What emerged from it?**

☰ Another key result of the analyses is that the new Sustainability Report will in future be built on the international GRI standard\*. It is also already taking up requirements from the pending CSRD\*\* and EU Taxonomy.

In reporting and in the selected focal points, we are thus absolutely ahead of the curve. The Sustainability Report 2021 looks significantly different from the previous reports. For NHS25 there is now also a comprehensive standard set of slides that summarises everything essential and prepares it in a properly structured way.

**INFO**

\*The GRI standard is the most widely used standard internationally for sustainability reporting. Its publisher is the Global Reporting Initiative (GRI).

\*\*In April 2021 the European Commission published the first draft of its Corporate Sustainability Reporting Directive (CSRD). This directive is intended to replace the previously applicable Non Financial Reporting Directive (NFRD) and will place a reporting obligation on significantly more companies. After adoption, implementation must take place in national law by 1 December 2022. In parallel to the Directive, the European Financial Reporting Advisory Group (EFRAG) is developing a European reporting standard, which would be compliant with implementation of the CSRD.

\*\*\*EU Taxonomy  
The EU ordinance contains the criteria for defining whether a business activity is to be classified as environmentally sustainable (taxonomy), so the degree of environmental sustainability of an investment can be determined. It is a central legal act intended to contribute to the European Green Deal by promoting private investment in green and sustainable projects.



**Our broad, strategic approach means we are in a good position!**

We are now committing ourselves to specific savings objectives and in future will represent our progress transparently in measurable ways. Just "soft topics" also aren't enough for the younger generations. They ask us: how much CO2 are you reducing? How much energy are you saving? Are your buildings insulated? Do you source sustainable intermediate products? How large is the company's "carbon footprint" and that of individual products? In contrast to earlier years, we now have the tools and qualified employees within the company that enable us to give increasingly better answers to these questions. With the newly created position of Sustainability Officer we now have internally qualified support and can elevate the issue to a new level inside the company.

**What's the role of the new headquarters building in Buchbusch in respect of sustainability?**

☰ There are, naturally, many possibilities here as far as sustainability is concerned. Project WI+\* therefore has its own modules that deal with sustainability topics. Of course, here, much is already mandated by law. So, for example, we are committed to a high construction standard as regards energy efficiency, must make meaningful use of solar energy, etc. In the course of Project WI+, we also deal with

the topics of building automation, the use of environmentally-friendly materials, e-mobility or the topic of "Power-to-X". We will make significant savings in energy consumption thanks to the higher energy-efficiency standard of the new building in Buchbusch. Considering our old, un-insulated buildings at the main site, that's not really a surprise. With the air-conditioning, too, we were able to implement a modern, energy-saving concept.

For employees in administration and production, in turn it opens up many possibilities in respect of a healthier, more modern workplace under the heading of "New Work".

**What does the strategy envisage for the entire Witzemann Group?**

☰ In principle, we are thinking on a group basis, as more and more subsidiaries are being audited for sustainability.

A first step is to take a meaningful look at energy management in the group. There are possibilities for action here in both energy saving and energy procurement.

**A few more words in implementation: what kind of challenge do we face?**

☰ Our great challenge is to reduce CO<sub>2</sub> emissions across the entire supply chain. Naturally, we have little influence on the manufacture of steel or cast parts we buy from our suppliers, which make up a large part of our raw materials - and thus the lion's share of CO<sub>2</sub> emissions.

For that reason we are focusing - as many other suppliers are too - initially on climate-neutral operation. As regards CO<sub>2</sub> reduction for upstream processes, we then also need to speak about compensation. That simply cannot be avoided.

Writing a strategy is one thing. Successfully implementing it is another. But I believe if we authentically engage with the topic, there is something for us in it. That will allow us to turn sustainability into a competitive advantage for Witzemann, I'm quite convinced of that. Staying power will be part of this, and we must also expect reverses and be able to cope with these. Ultimately, with NHS25, we can clearly document that the topic of Sustainability is a priority for us. And we have ever better proof of that. Overall, I am really optimistic about this issue, as Sustainability is a good fit for WI+ and Sustainability is a good fit for us!

\*WI+ = Project, in which our new headquarters in Buchbusch is worked on





# OUR AWARENESS

” ” **PURPOSE**

**WE ASPIRE TO MAKE  
THE WORLD A  
CLEANER AND MORE  
RELIABLE PLACE.**

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This quote describes our declared corporate purpose and at the same time is the overarching message of our Sustainability Strategy. Sustainability is thus an integral component of our action.

1.1

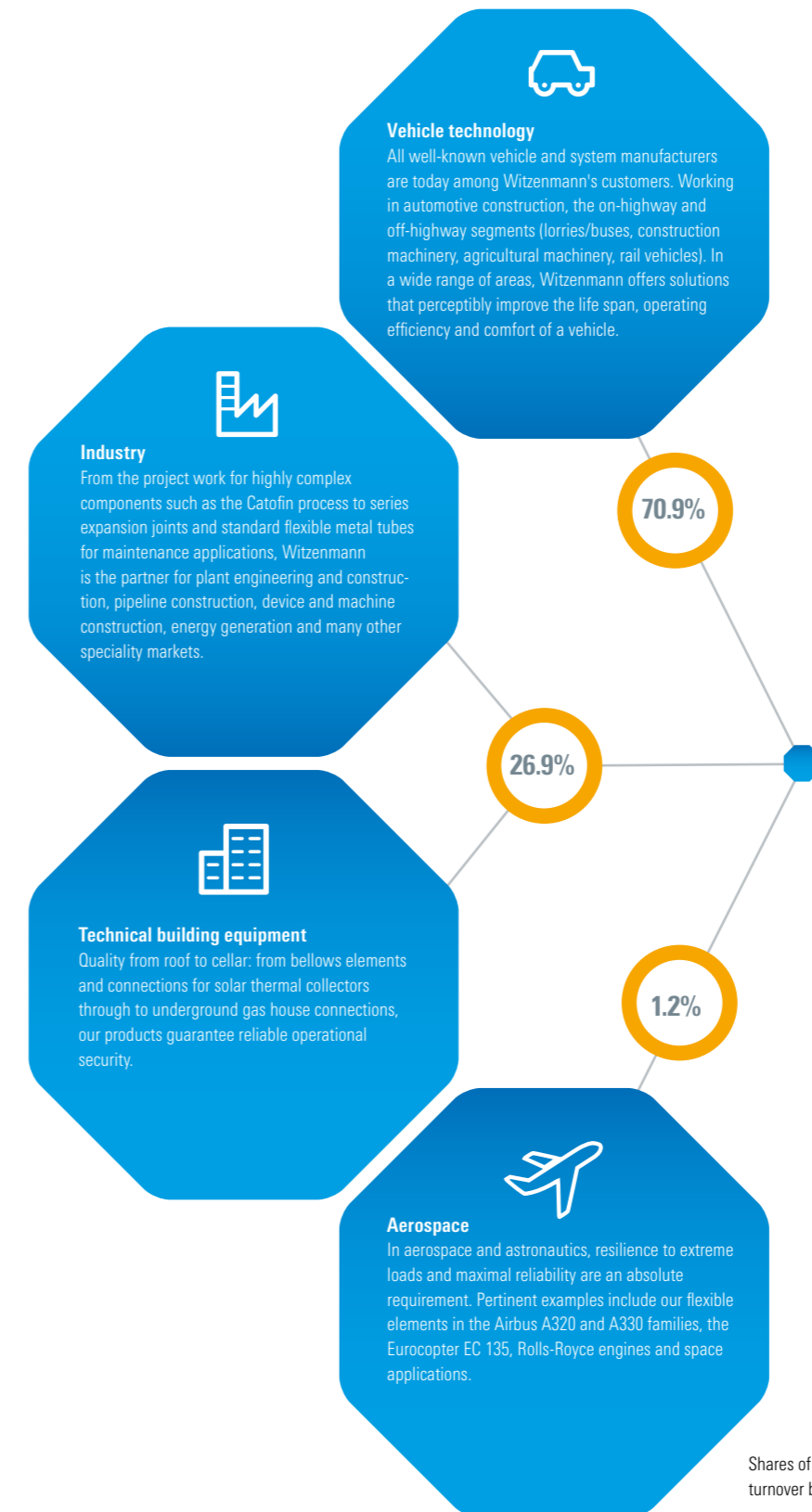
# AN OVERVIEW OF THE WITZENMANN GROUP



### Globally active

The Witzemann Group is close to its customers around the globe. At 23 sites in 18 countries, Witzemann is represented in Europe, Asia as well as North and South America. Witzemann GmbH is the headquarters and centre of expertise for the group of companies. Many cross-company activities are initiated and coordinated from here. The headquarters of the GmbH is in Pforzheim.

## OUR PRODUCTS AND MARKETS



The Witzemann Group is a global reference for challenging and technical engineering issues relating to vibration decoupling, absorption of expansion, media transport and balancing of assembly inaccuracies in piping systems.

At Witzemann, highly-motivated specialists from a wide range of technical backgrounds work together to ensure the highest product quality and generate new ideas.

Witzemann's customers extend across many industries. The most important are automotive technology, industry, technical building equipment and aerospace.

Shares of overall business turnover by business division



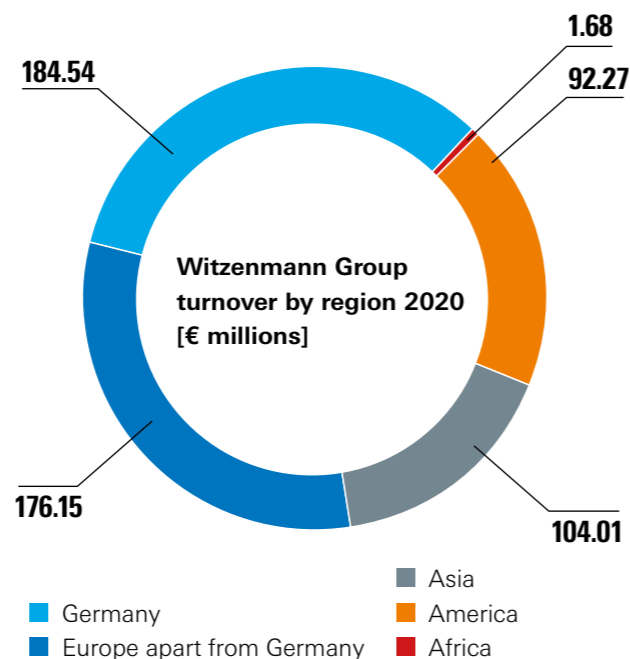
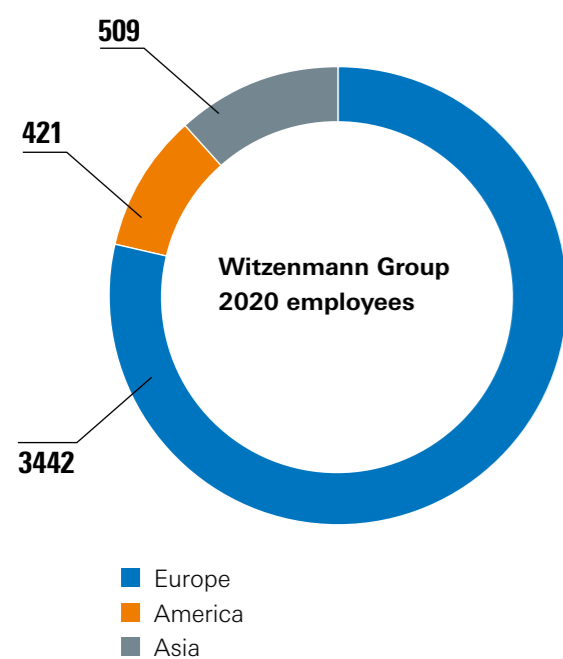
1.1

**BUSINESS DEVELOPMENT AND METRICS**

As a global engineering company, the Witzemann Group employs 4,372 employees worldwide (as of December 2020). 1,552 of these work for Witzemann GmbH.

Around 11 % of the group-wide workforce is employed on fixed-term contracts for reasons of flexibility in the deployment of employees. 93 % of all employees in Europe, 62 % in Asia and 100 % in America are employed on

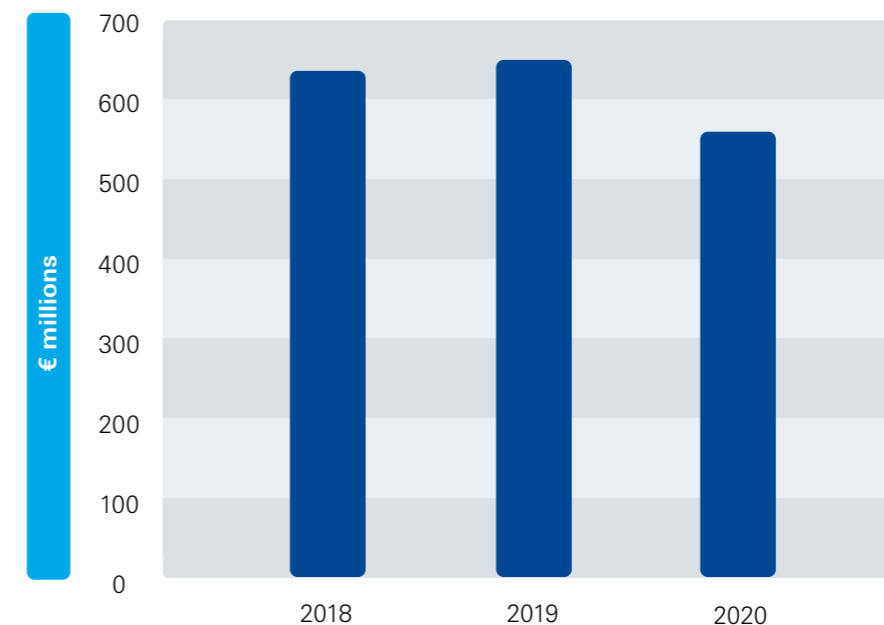
permanent contracts. The same qualifications opportunities are available to all employees. In this way they can develop their skills and thus their opportunities on the employment market. The proportion of temporary workers is 7%, relative to the group-wide number of employees.



Witzemann Group employees [Pers.]	2018	2019	2020
Total employees	4,681	4,607	4,372
Europe	3,652	3,587	3,442
America	496	482	421
Asia	533	538	509

Witzemann GmbH employees [Pers.]	2018	2019	2020
Total employees	1,745	1,625	1,552
Indirect employees	707	680	656
Direct employees	975	881	835
Apprentices / trainees	67	64	61
Part-time employees	146	108	163
On fixed-term contracts	215	217	68
Temporary employees	1	22	13

**TURNOVER TREND OF THE WITZENMANN-GROUP**



The 2020 business year was marked by the pandemic. However, the Witzemann Group came through this exceptional year very well with a sales reduction of 13 % compared to the previous year. In the reporting year 2020, the corporate group was able to generate revenue of € 560 million. The great-

er part - over 60 % - was earned on the European market. Automotive parts were the strongest revenue-generating segment, earning the Witzemann Group 70 % of its total sales. The focus of this industry is still currently on combustion engine technology. Thanks to targeted product development,

the share of New Mobility in the division turnover is increasing. Witzemann will increasingly build up the New Mobility division and thus secure the future of the corporate group (see also Section 4.3 Sustainable Products and Solutions).

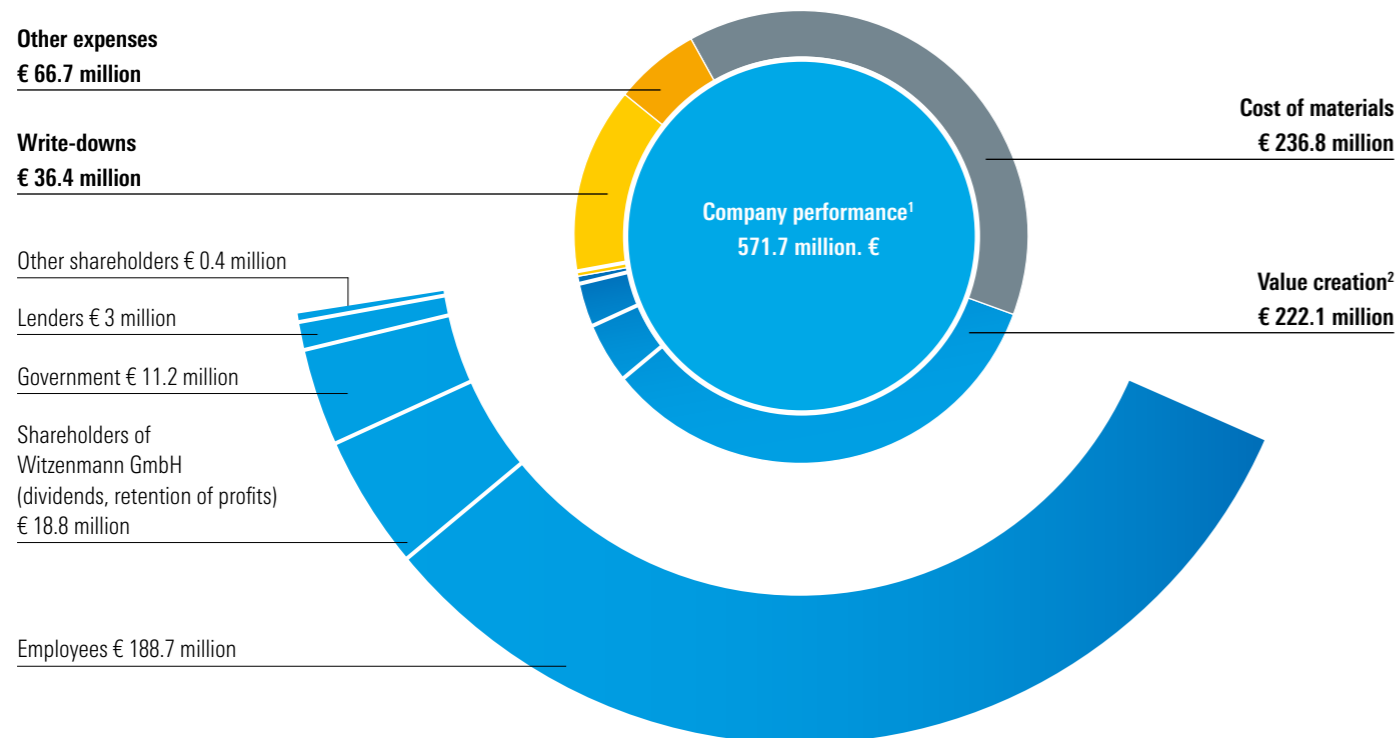
Turnover by sector [%]	2018	2019	2020
Automotive components for cars	50.4	53.1	50.1
for commercial vehicles/engines	20.5	19.2	20.8
Industry	21.7	19.7	26.9*
Technical building equipment	5.5	5.3	
Aerospace	1.3	1.5	1.2
Miscellaneous	0.6	1.2	1

Turnover trend	2018	2019	2020
<b>Total [€ millions]</b>	<b>633.6</b>	<b>643.9</b>	<b>559.2</b>
Germany [%]	32.7	32.5	33
Europe apart from Germany [%]	32.0	32.6	31.5
America [%]	19.1	18.4	16.5
Asia [%]	16.0	16.4	18.6
Africa [%]	0.2	0.2	0.3

\*Since 2020, sales of "technical building equipment" have been ascribed to the "Industry" business division.

1.1

**CORPORATE RESULT AND VALUE CREATION OF THE WITZENMANN GROUP 2020**



<sup>1</sup> **Company performance**  
Apart from the turnover, the company performance also includes the changes in stocks of finished and unfinished products as well as other capitalised assets.

<sup>2</sup> **Value creation**  
Value creation is the result of the company performance minus expenses, write-downs and material costs. It quantifies the Witzemann Group's contribution to private and public income.

Investment & Equity	2018	2019	2020
Investments [€ millions]	52.0	43.2	25.2
Write-downs [€ millions]	36.0	36.4	34.6
Total capital [€ millions]	365.6	369.8	397.2
Equity ratio [%]	58.6	63.4	60.1
Debt ratio [%]	41.4	36.6	39.9

With a company performance of €571.7 million, the Witzemann Group recorded a pandemic-caused reduction in sales of 11% compared to the previous year. Accordingly, the value creation contributions of the corporate group have also been lower. However, it was possible to keep the percentage share of employee services in overall value creation at the high level of 85%.

1.2

**STRATEGIC ALIGNMENT**

The Witzemann Group mission statement is a binding, group-wide formulation of our values framework. It was developed by employees from the entire group. The mission statement helps us strengthen employees' identification with the company and maintain Witzemann's image. The vision explains our corporate goal. The mission statement formulates our performance promise to our customers. The values and guiding principles are tools for this path. They define the demands placed on each individual and the company, to actively shape the future.



**VALUES**

**ESTEEM**

- **Team spirit**  
We work together on solutions and share success and failure. Helping each other and passing on our knowledge is a matter of course for us.
- **Respect**  
We are polite and honest with one another. We respect different ideas and opinions and discuss them with an open mind.
- **Trust**  
Our behaviour is reliable. We trust in the skills of our colleagues and co-workers. We appreciate their performance and commitment.

**RESPONSIBILITY**

- **Determination**  
We pursue goals with determination. Decisions are made in time and are binding.
- **Happy to take decisions**  
Every employee makes decisions and thus bears responsibility for his or her area of responsibility.
- **Sustainability**  
We are responsible - ecologically, economically, socially

**INNOVATIVE SPIRIT**

- **Passion**  
We approach new things courageously and creatively. With great enthusiasm we convince our internal and external partners.
- **Risk-readiness**  
Anyone who attempts new things must also take risks - we are prepared for this. We see mistakes as an opportunity to learn.
- **Curiosity**  
We are enthusiastically looking for new ideas and challenges.



1.3

# SUSTAINABILITY STRATEGY AND ORGANISATION

## Sustainable business has a long tradition

The urge to act and do business sustainably is deeply imprinted on Witzemann as a company with 168 years of tradition behind it. For example, we have already been reporting and publishing our greenhouse gas emissions from all three scopes for more than three decades, with the aim of constantly reducing them. We have also been part of the UN Global Compact for just as long.



## CONTINUOUS STAKEHOLDER DIALOGUE

In the wake of our newly developed Corporate Strategy we are currently designing our Sustainability Strategy, with which we will realise systematically our self-image of being a company that does business in a socially and environmentally responsible, and thus sustainable, way.

It is essential to integrate our stakeholders into this development process. Through regular dialogue with all interest groups we wish to ensure that we fulfil all expectations of us in the best possible way and at the same time make the maximum contribution to sustainable development. In the first stage, we gathered the thoughts of our stakeholders through wide-ranging polls and interviews.

### ■ Customers

Our customers are the focus of our business action. What our customers think of specific sustainability aspects and what they expect of us in this respect is therefore of great relevance. Our

Sales Department is in close and direct contact with our customers and therefore has the best knowledge of the requirements they have for us. Additional information can be found in Section 4.4 "Customer satisfaction".

### ■ Suppliers

Our responsibility doesn't end at the factory gates, but stretches across the entire value chain. Our suppliers are thus also an important element of our sustainability management. Additional information can be found in Section 4.1 "Environmental and social standards in the supply chain".

### ■ Employees

The heart of any company is its employees. Our goal is to create optimal working conditions for them. This gives them the opportunity to express their potential in the best possible way. We are therefore in close dialogue with them. Additional information can be found in Sections 3.1 "Learning and development" and 3.3 "Management and cooperation".

### ■ Corporate group

Witzemann is globally active. The integration of our subsidiaries is of central significance to achieving a company-wide unified strategy.

### ■ Science and research

For years now, we have been in close contact with universities and research institutes. Through regular research projects, dissertations, partnerships and consultancy work, we have intensified the contact over the years. In addition, we are represented, among other places, in the Friends of Heidelberg Academy and Pforzheim University associations.

### ■ Politics and society

Witzemann GmbH is one of the largest employers in the region. Constant dialogue with regional and supra-regional politicians is a necessity for us. Discussion within society is also something we take very seriously. For example we are represented in numerous regional support associations, organisations and groups.

## RELEVANT SUSTAINABILITY TOPICS

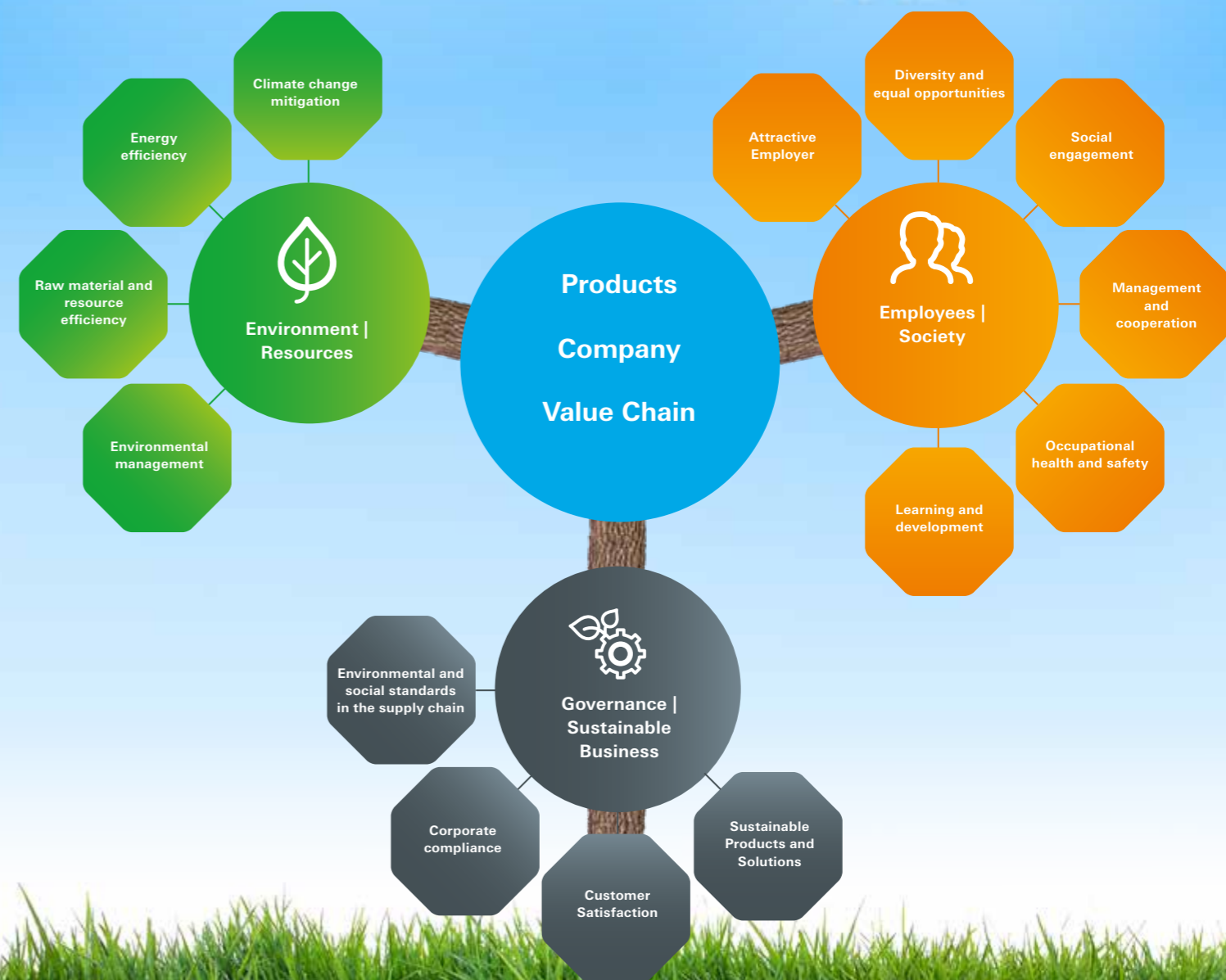
The potential for Witzemann-relevant sustainability topics emerges from a comprehensive situation and environment analysis, which, among other things, is based on a competitor analysis, a benchmarking of Best-Practice examples as well as the current sustainability framework and legal framework conditions. In a consolidation stage, we bring together the insights achieved.

The result is a list of 14 topics. Each of these topics is assigned to a topic area. These topic areas in turn correspond to the known three dimensions of sustainability, in which we want to achieve continuous improvements:

- Environment | Resources
- Employees | Society
- Governance | Sustainable Business

The implementation of improvements can take place on three higher-level operational action levels:

- in the company, i.e. in the processes, the organisation and the infrastructure,
- the products, the design and manufacturing,
- in the value chain, special weight being placed upon the supply chain.



1.3

**MATERIALITY**

With the help of a materiality analysis, we determine the priority of the sustainability topics identified and thus how we distribute and focus our activities. The thoughts of our stakeholders and our own perspectives on the topics factor into this process. The highest priority topics are climate change mitigation, energy efficiency, environmental and social standards in the supply chain, sustainable products and solutions and labour and health protection. The topics Diversity and Equal Opportunities as well as Being an Attractive Employer are currently on the watchlist (low relevance).

**The 3 Perspectives of the Materiality Analysis**

■ **Outside-In**

What is the judgement of the interest groups polled about the relevance of the sustainability topics in relation to the Witzemann Group?

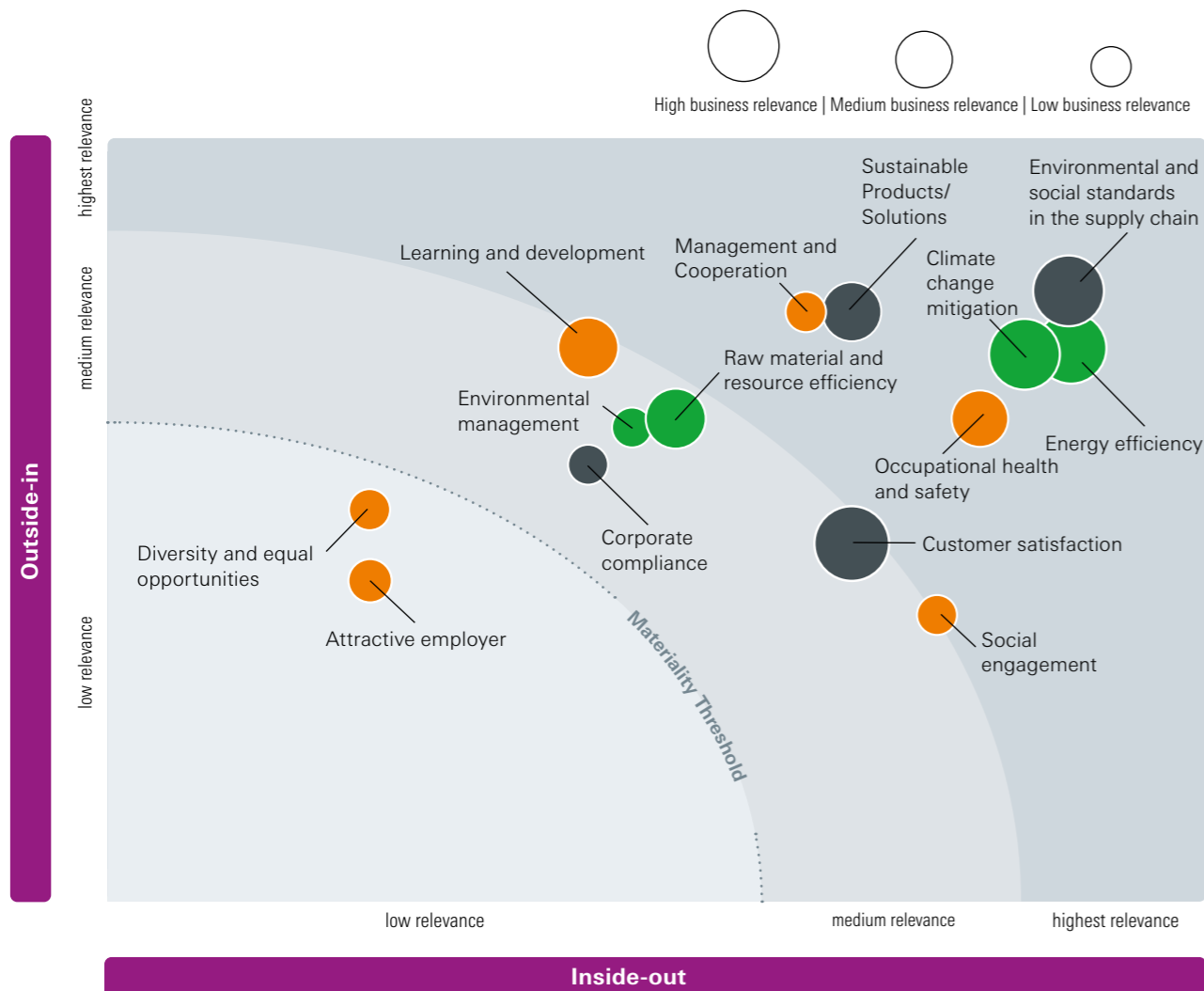
■ **Inside-Out**

What is our own estimate of our intensity of effect in the particular sustainability-related topics? Meaning: the greater the potential for improvement and

the associated effect, the greater the intensity of effect and thus the relevance of the topic. Our judgement about the urgency of the topics also plays a role here.

■ **Business relevance**

To what extent do the sustainability topics have an effect on the course of the business, the business results and the development of the Witzemann Group?



**THE STATEMENT OF PURPOSE SETS OUR DIRECTION**

In 2020 the Witzemann Group drew up a new mission statement. It forms the basis for our action and interaction. In the wake of this, our Corporate Purpose has also been re-worded. It means that our sus-

tainability vision is simultaneously anchored in our Corporate Purpose. With our products, technologies and our business action, we want to make the world cleaner and more reliable. The mission state-

ment thus forms the arch of our sustainability strategy.



We are currently engaged in the process of developing the target definitions and operationalising the strategy. For our essential topics we define concrete and measurable objectives that make a direct contribution to achieving the Sustainable Development Goals (SDGs). As part of this process, we focus on the SDGs to which we see our contribution being the greatest. Topics

currently on the watchlist will be regularly recorded and monitored by us. Currently, we are not defining specific goals here. One target is already clearly defined: full integration of the subsidiaries into the Witzemann Group's sustainability reporting. We are currently working intensively on building up, and making perma-

nent, comprehensive recording and monitoring of all sustainability-relevant information and metrics from the group. This is an essential step towards achieving the best possible effective implementation of our Sustainability Strategy.



1.3

# SUSTAINABLE DEVELOPMENT GOALS

With our sustainability strategy we want to make a direct contribution to the SDGs:

	<b>Occupational health and safety</b>		<b>Sustainable products and solutions</b>
	<b>Learning and development</b>		<b>Social engagement</b>
	<b>Energy efficiency Sustainable Products and Solutions</b>		<b>Raw material and resource efficiency Environmental management</b>
	<b>Environmental and social standards in the supply chain</b>		<b>Climate change mitigation Energy efficiency Sustainable Products and Solutions</b>
			<b>Corporate compliance</b>

**INFO**

In 2015 the United Nations, in the form of Agenda 2030, agreed a comprehensive programme of reform for the path towards sustainable development. Agenda 2030 contains 17 Sustainable Development Goals. As a globally active company, we see ourselves as having a special obligation to support the Sustainable Development Goals.



## SUSTAINABILITY MANAGEMENT AND ORGANISATION

Sustainability management is a multi-disciplinary and multifaceted area of responsibility, which passes through all divisions at Witzemann. A specially set-up department/employees office, based in the Facility Management division, coordinates and assumes responsibility for group-wide sustainability management. The strategic alignment

and regular monitoring of sustainability management is done through a high-level steering committee, consisting of the main department leaders from the key divisions as well as the managing directors responsible. The management for Production, Business Process Management and Digitalisation (GFpdg) is responsible for the complex set of

tasks associated with sustainability, in the person of Philip Paschen. Operational implementation of sustainability-related topics and measures takes place on a decentralised basis in the divisions responsible (core teams), subsidiaries and sites.



1.4

# INITIATIVES AND ASSOCIATIONS

As far back as 2011, the Witzemann Group expressly committed itself to the ten principles of the Global Compact. Since then they have exerted a significant influence on our actions, internally and externally. We have anchored the 10 principles in our mission statement. With our Sustainability Strategy, we

give operational implementation to the principles of the Global Compact with the four subject areas of human rights, working conditions, environmental protection and the fight against corruption. In this report we set out the progress we have made in relation to these principles.


Furthermore, since 2021, Witzemann has been involved as a founder member of the Sustainability Council. This council acts as a direction giver and force multiplier in Sustainability matters for the entire wvib Schwarzwald AG network.

### Other selected memberships of the Witzemann Group:



” Sustainability is a cross-sectional discipline. We approach the topic strategically and are optimally networked.  
Matthias Wode,  
Vice President Administration fm



 <b>10 PRINCIPLES OF THE UN GLOBAL COMPACT</b>		<b>WITZEMANN SUSTAINABILITY STRATEGY 2025</b>
Human rights	1. Companies should support and respect the protection of internationally proclaimed human rights.	<b>Corporate compliance, environmental and social standards in the supply chain</b> Upholding national and international rights and laws as well as ethical principles is an essential element of our self-awareness. In this way we assume responsibility for our entire value chain.
	2. Companies should ensure they are not complicit in human rights abuses.	
Labour rights	3. Uphold freedom of association and effective recognition of the right to collective bargaining.	
	4. Businesses should work towards the elimination of all forms of forced and compulsory labour.	
	5. Businesses should work towards the effective abolition of child labour.	
Diversity & equal opportunities	6. Businesses should work towards the elimination of discrimination in employment and occupation.	<b>Diversity &amp; equal opportunities</b> We see Diversity as an opportunity - therefore we promote framework conditions that create awareness of Diversity. Discrimination has no place with us.
	Environment	7. Businesses should pursue the precautionary principle when dealing with environmental problems.
8. Businesses should undertake initiatives to promote greater environmental responsibility.		
Corruption prevention	9. Businesses should encourage the development and diffusion of environmentally-friendly technologies.	<b>Corporate compliance</b> We aim to fight corruption in all of its forms. Our group-wide Compliance Management means we are well-equipped to do this.
	10. Businesses should work against corruption in all its forms, including extortion and bribery.	



# OUR CONTRIBUTION

Climate change mitigation, efficiency in the use of energy, resources and raw materials and our environmental management are our primary topic areas. From these we develop specific cross-sectional tasks.





2.1

# CLIMATE CHANGE MITIGATION

The first step towards the reduction of greenhouse gas emissions is reporting on them as transparently and completely as possible. We have already been doing this for more than 10 years for all three scopes defined in the Greenhouse Gas Protocol and we are continually extending the scope of the reporting. Scope 3 includes reporting all emissions that are outside Witzemann's direct sphere of influence.

In the previous year we were able to decisively extend Scope 3. Along with the preliminary services purchased, we are now also reporting the emissions of logistics processes upstream of us as well as the commuting of our employees. Currently we are doing reporting only for Witzemann GmbH, but next year we will be extending our greenhouse gas reporting to the entire group.

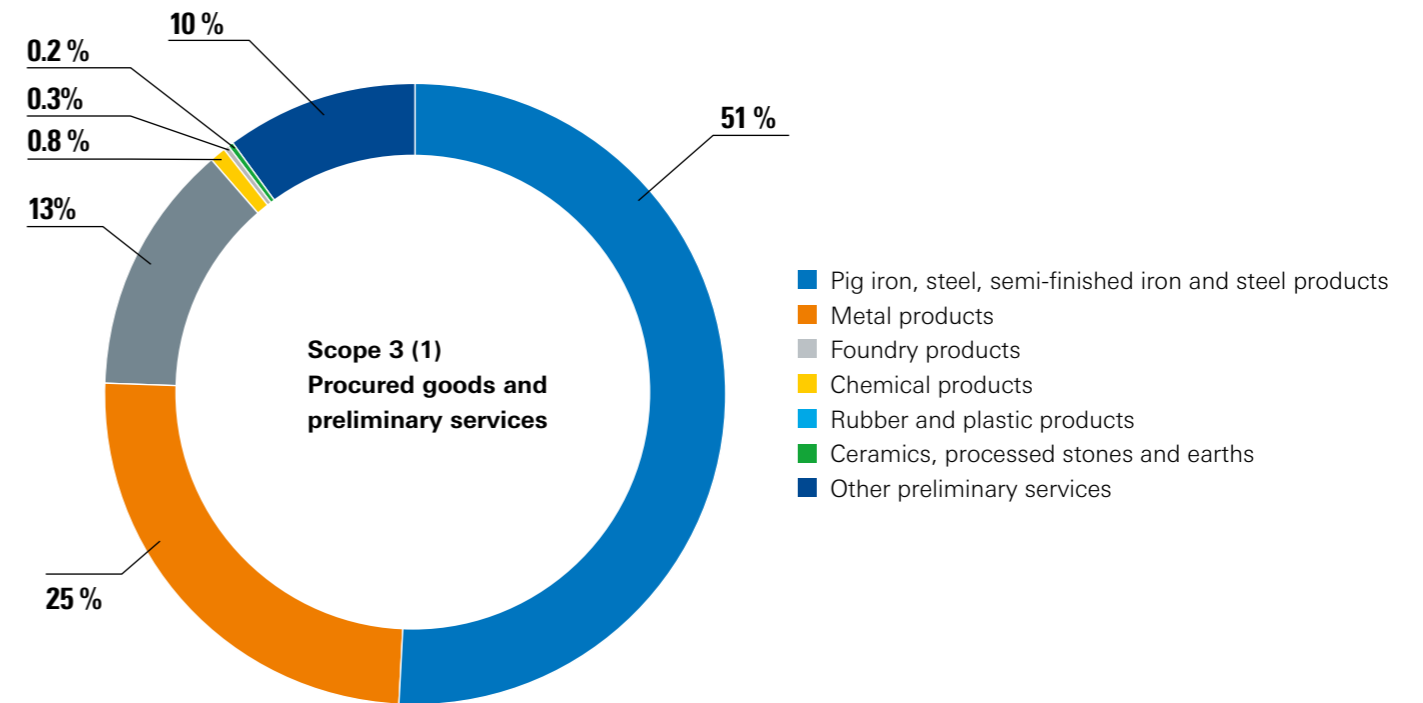
Reporting the greenhouse gas emissions of the preliminary services obtained is a central element of Scope 3. With widely varied purchase volumes, this can be very complex. Special reporting methods are required to make this complexity manageable. Using the statistics of the environmental economic accounts, the estimate of the emissions is arrived at based on the costs of the individual purchased goods groups.<sup>1</sup>

Greenhouse gas emissions of the GmbH [tCO <sub>2</sub> eq]	2018	2019	2020
Natural gas	159	236	271
Heating oil	163	50	40
Fleet	136	113	66
<b>Scope 1</b>	<b>458</b>	<b>399</b>	<b>377</b>
Electricity	5,059	3,604	3,248
District heating	971	786	796
<b>Scope 2</b>	<b>6,030</b>	<b>4,390</b>	<b>4,044</b>
(1) Procured goods and services	82,761	66,048	49,659
(2) Capital goods	3,822	3,469	1,976
(3) Energy-related activities	2,487	2,246	1,994
(4) Upstream transport and distribution	-	-	5,318
(6) Business travel	-	-	244
(7) Employees commuting	-	-	2,494
<b>Scope 3</b>	<b>89,070</b>	<b>71,763</b>	<b>61,685</b>
<b>Total</b>	<b>95,558</b>	<b>76,552</b>	<b>66,106</b>
<b>Emissions intensity [tCO<sub>2</sub>eq/€ millions]</b>	<b>291</b>	<b>245</b>	<b>263</b>

We have been reporting on Logistics and Mobility since 2020. CO<sub>2</sub>eq includes all emissions of the Kyoto Protocol. Without extracts from subsidiaries.

The breakdown of overall emissions across the Scopes was constant in previous years. The total emissions within Scopes 1 and 2 were under 7 %. More than 93 % occur within Scope 3. Here we report only the emissions that occur upstream of our company. Specifically, we have recorded all purchased preliminary services, fixed assets and goods as well as upstream logistics processes, the commuting and business trips of our employees. The greater part of greenhouse gas emissions within Scope 3 are determined by the procurement of metals. These are dominated by the goods groups

"Pig iron, steel, products of the first processing stage of steel" with 41 % of upstream emissions, followed by "metal products" and "cast products". These goods groups contain the greatest uncertainties related to our reporting. We are working towards reducing these uncertainties caused by methodology. We aim to develop long-term, concrete, specific emissions factors for these goods groups. We are doing this jointly with our suppliers. We are also actively working on extending the scope of reporting and integrating other Scope 3 categories.



Through targeted efficiency measures, we have been able to continuously reduce Scope 2 emissions in previous years. At the same time Scope 1 emissions have increased slightly. This is due to greater use of natural gas in our combined heat and power plant which began operation in 2018. The combined heat and power plant supplies our Buchbusch plant with heat and power.

Although we are currently in the middle of developing target definitions for our sustainability strategy, one target is already set:

By 2030 we will reduce the greenhouse gas emissions of Scope 1+2 from Witzemann GmbH to net zero! The GmbH sites will thus be climate-neutral by 2030.

Three levers are available to us for achieving the goal we are targeting, Witzemann GmbH's climate neutrality:

**1. Improvement of energy efficiency:**

The improvement of energy efficiency is a constant process in which we have already been able to register significant progress in previous years. In future we will intensify our efforts further.

**2. Developing our own renewable energy generation capacity:**

We are making constant progress in developing renewable energies. Already, since 2018, our Buchbusch (Pforzheim) plant has been equipped with an 81 kWp photovoltaic system. We produced 65.4 MWh with it in 2021 and were thus able to save 14.5 t CO<sub>2</sub>eq<sup>2</sup>. Our subsidiary Witzemann Rhein-Ruhr has also begun operation of a photovoltaic system with 99.4 kWp. We produced 93.6 MWh with it in 2021, equivalent to a saving of approx. 20.7 t CO<sub>2</sub>eq. Renewable energy will also be built up further in future. We are currently planning large photovoltaic systems in both Belgium and Italy.

**3. Switch to renewable energies from third parties:**

Obtaining renewable energy from third-party sources will become a reality for Witzemann GmbH and all German subsidiaries in 2023. Contracts have already been signed.

Using the three defined levers, we will do everything in our power to ensure that greenhouse gas emissions are not generated at all. For possible emissions that cannot be fully prevented by 2030, we will make use of quality-assured and internationally recognised compensation measures - such as the gold standard.

For us, reducing the indirect emissions of our Scope 3 is indispensable. Here we are already examining numerous possibilities - from mobility concepts for employees to Power-to-X technologies in order, if necessary, to produce process gases in a climate-neutral way.

<sup>1</sup> In accordance with the CliCCC methodology; carried out by IFU Hamburg.

<sup>2</sup> Determined via the specific CO<sub>2</sub>eq emissions of our power supplier




2.2

# ENERGY EFFICIENCY


The use of energy, whether in the form of electricity, heat or transport fuel, has a decisive influence on our company's environmental effects and in particular its CO<sub>2</sub> emissions. Employing energy as efficiently as possible and, where feasible, making use of renewable energy sources, is a key element of our sustainability strategy and is something the company has already been pursuing for years. Thanks to the regular implementation of improvement measures, in previous years we have been able to continually reduce the absolute energy consumption of the GmbH<sup>3</sup>. We will also be able to reduce energy intensity relative to turnover in this way. Only in the pandemic year was a slight increase in energy intensity recorded. This can be explained by fixed energy consumption, such as lighting and heating requirements, in the context of lower sales volumes.

Around 38% of the energy used in 2020 was for heating buildings. Another 60% was required for the provision of electrical energy. The remaining 2% was spent on mobility (especially the vehicle fleet) and thermal test benches.


We will intensify these efforts in 2022 with the introduction of certified energy management based on ISO 50001. Numerous measures have already been implemented in the Group. Group-wide energy monitoring is currently in development.



**Lighting**  
In previous years lighting technology at the sites of the GmbH was brought up to the newest and most efficient standards. In the Group, too, lighting systems have been and will be brought up to a new level of efficiency. For example, Witzemann Benelux now saves 51 MWh through the use of energy-efficient LED lighting and Witzemann France 21.5 MWh.



**Compressed air**  
Compressed air is one of the largest energy consumers in production companies - and so also in the Witzemann Group. Here we are in a constant optimisation process. One example from the Witzemann subsidiary in Belgium: leaks are located and mended in a monthly routine. In 2021 alone 53 leaks were repaired. This saved 260 MWh in electrical energy.



**Ventilation and air-conditioning**  
In our headquarters in Pforzheim, some of which was built as far back as the 50s, the ventilation system of one of the buildings was significantly optimised by fitting a volume flow regulator. This measure made it possible to achieve variable ventilation of the floors concerned. The ventilation can now thus be operated on a per-floor basis and switched off when needed. This measure has allowed us to achieve annual savings of 260 MWh.

**Group-wide energy-efficiency measures**

Energy consumption of the GmbH [MWh]	2018	2019	2020
External power	16,320	14,417	12,989
PV generation	2	65	66
District heating	7,827	7,143	6,865
Natural gas <sup>1</sup>	1,063	1,162	1,347
Heating oil	401	152	121
Other <sup>2</sup>	681	567	329
<b>Total energy consumption</b>	<b>26,294</b>	<b>23,506</b>	<b>21,717</b>
<b>Energy intensity [MWh/€ million turnover]</b>	<b>80</b>	<b>75</b>	<b>86</b>

<sup>1</sup> Around 50 % of the natural gas obtained is used in the efficient co-generation plant at the Buchbusch site.  
<sup>2</sup> Diesel, petrol and E10 (especially vehicle fleet) fuels

2.3

# RAW MATERIAL AND RESOURCE EFFICIENCY

Raw material weights of the GmbH [t]	2018	2019	2020
Copper-based alloys	1.35	1.19	1.10
Nickel-based alloys	133.94	98.53	66.61
Steel/stainless steel alloys	6,049.13	4,939.81	3,560.46
Tantalum	0.06	0.08	-
Titanium-based alloys	0.36	0.29	0.13
<b>Total raw material</b>	<b>6,184.84</b>	<b>5,039.90</b>	<b>3,628.30</b>

Scrap incidence of the GmbH [t]	1,162.70	1,048.79	820.79
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Includes all scrap groups (includes rejects and machine scrap)

Our subsidiaries, too, have implemented some materials efficiency measures. For example, through targeted measures in Production, the plant in Mexico was able to reduce parts scrap to 1.2%. In this way we reduce the use of materials as well as the incidence of scrap.

Wherever possible, Witzemann strives to reduce the use of raw materials and resources and, when circumstances permit, to close loops. As a metal-processing production company, we see ourselves as having a special responsibility to work efficiently with raw materials and resources and to make constant improvements in this respect.

In 2020, Witzemann GmbH sourced 3.6 kt of raw materials. This is around 30 % less than in the preceding year. Steel and stainless steel alloys accounted for by far the largest part of this, at more than 98 %. The remaining two per cent was divided between copper, nickel and titanium alloys. Along with raw materials, Witzemann GmbH procures a large amount of components and assemblies. In total, this adds around 3 kt of material, well more than 90 % of which

involves steel and stainless steel alloys. In contrast to purchased raw materials, for purchased parts there is little further processing that could have an influence on materials efficiency. Our focus is therefore on raw materials.



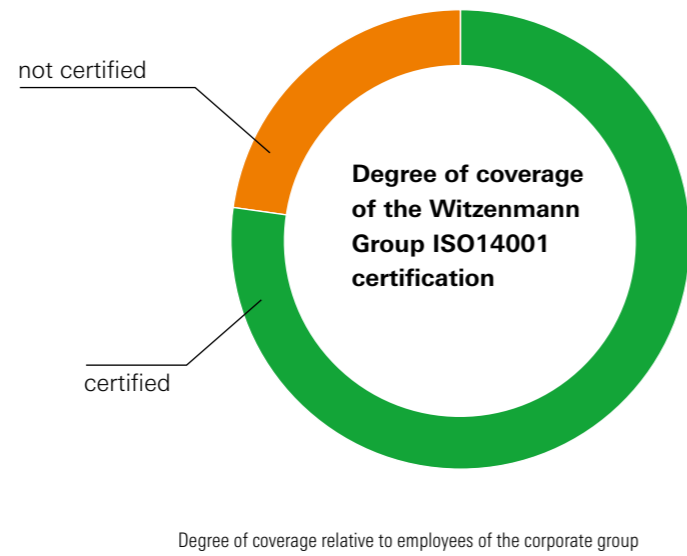
Alongside sales reductions caused by the pandemic, the lower purchase volumes for raw materials can be attributed to targeted efficiency measures. Thus, in recent years we have been able to contin-

ually reduce the incidence of scrap and thus improve the efficiency of raw materials use in production.

One example measure from 2021 - simple but effective - was the repurposing and thus deliberate re-use of external load carriers. Some adjustments made it possible to alter the load carriers for production needs. With these measures, we were able to close a material loop and thus reduce scrap by 5.5 t.

# 2.4 ENVIRONMENTAL MANAGEMENT

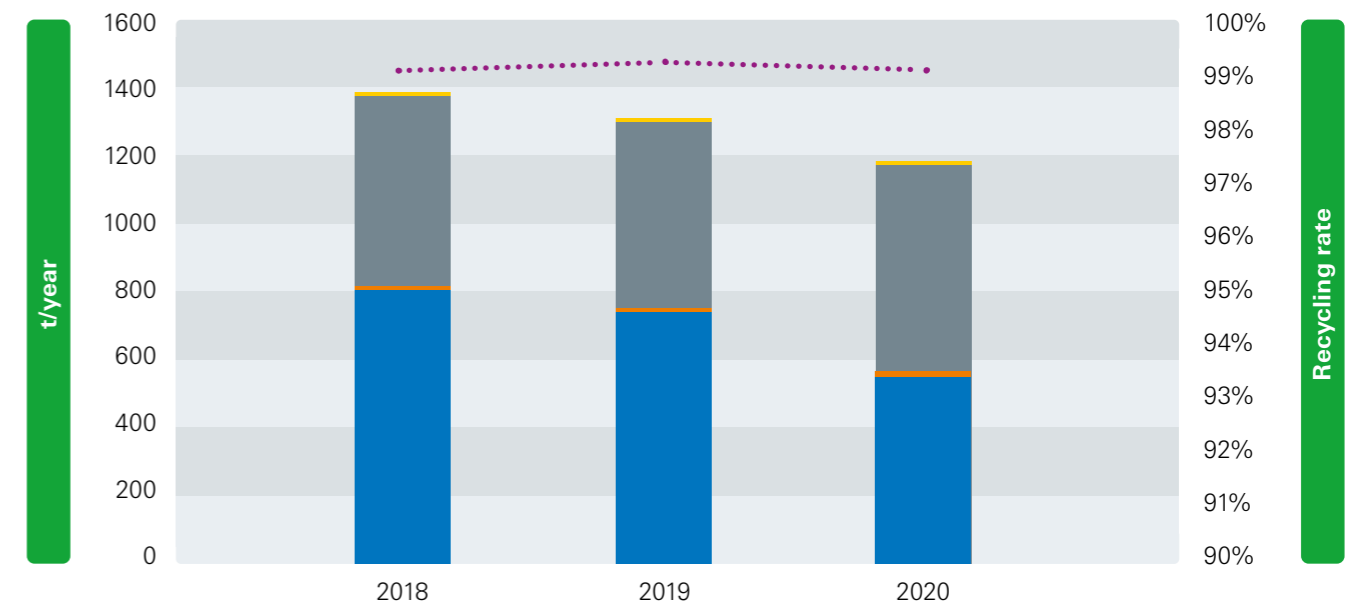
For us, it is absolutely essential that our actions be environmentally compatible. For decades therefore we have operated an environmental management system in accordance with ISO 14001 – in the GmbH and many of our subsidiaries. We thus make constant improvements in environmentally-relevant areas such as the reduction of waste or lowering of our water consumption. To drive this positive trend forward, we are continually working to expand the degree of coverage of the ISO 14001 certification within the corporate group. Already, in 2022, another two of our subsidiaries will carry out the initial certification.



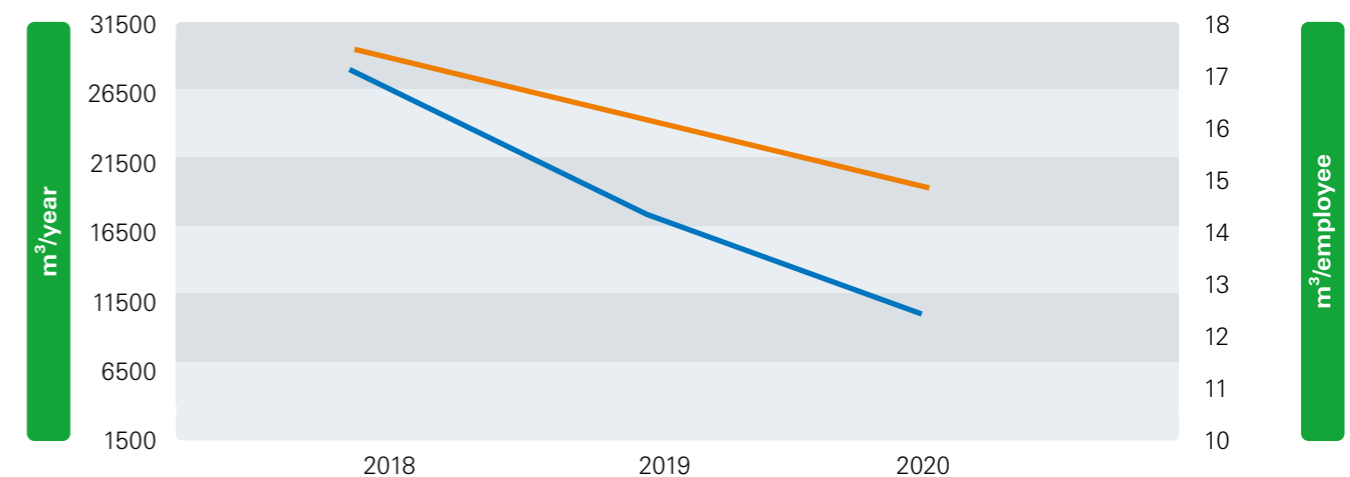
The systematic implementation of our ambitious environment programme is apparent, among other things, in the trends in the incidence of waste and water consumption. In previous years, we have been able to achieve contin-

uous reductions in this respect. In reporting year 2020, Witzenmann GmbH had 9.4 % less waste and even consumed 20.5 % less water than in 2019. Even in the previous year the savings compared to the preceding year were 6.1 % and

18.0 %. These higher percentage drops in 2020 can to a certain extent be traced to the pandemic and the falls in production associated with it.



- non-hazardous waste recycling
- non-hazardous waste disposal
- hazardous waste recycling
- hazardous waste disposal
- recycling rate



- m³ per employee
- m³

### INFO

#### Our environmental policy

As a leading company in the industry of flexible metallic elements, we feel a particular degree of responsibility to stand up for the protection and conservation of natural resources. Early on, we committed to corporate management based on the careful use of resources. We continuously strive to avoid or reduce to a minimum damage to, and stress on, the environment caused by the production and use of our products. We comply with all relevant legal standards and other requirements as a matter of course.





2.4

## EXTRACT FROM THE FULFILLED ENVIRONMENT PROGRAM OF THE GMBH 2020



### WASTE

- **Goal:** Take-back of wooden pallets by our suppliers
- **Action:** A large part of the waste wood we generate each year comes can be traced to damaged Euro pallets, which our suppliers use to transport goods we have bought. With the aim of recirculation, we have made agreements with our suppliers regarding the take-back and repair of the damaged Euro pallets. Thanks to this measure alone, the GmbH is saving several dozen tonnes of waste wood each year.
- **Implementation:** 100 %



### HAZARDOUS MATERIALS

- **Goal:** Reduction of packaging
- **Action:** The GmbH obtains several thousand cast parts and flanges each year from our subsidiary in Jiangyin (China). These were previously packed in cardboard. Thanks to the switch to reusable small load carriers made from transport-friendly, light plastic, we have been able to dispense with cardboard packaging completely. An action with exemplary character for our corporate group.
- **Implementation:** 100 %



### GENERAL

- **Goal:** Reduction of paper printing
- **Action:** By systematically implementing digitalisation, in 2020 we have been able to save approx. 30,000 paper prints. There is still much further to go in this respect. We will retain the goal of reducing paper consumption in the years to come.
- **Implementation:** 20 %

## EXTRACT FROM THE ENVIRONMENT PROGRAMME OF THE GMBH 2021



### WATER

- **Goal:** reduce water consumption in the GmbH by 5 %, in relation to production turnover
- **Action:** Our newly built headquarters in northern Pforzheim will be equipped with the most efficient sanitary engineering. Processes will also be optimised - where possible. In this way we want to achieve significantly reduced water consumption.  
**Deadline:** 2025
- **Goal:** reduce water consumption during the immersion-rinsing of parts by 2 million litres per year
- **Action:** The emulsion needed in forming processes is captured with a newly developed suction lance and re-used. Previously it was washed through immersion-rinsing and disposed of. This initiative will not only allows us to reduce emulsion consumption but significantly reduce water consumption too.  
**Deadline:** First quarter 2022



### WASTE

- **Goal:** Continuing to reduce paper consumption by at least 20 %
- **Action:** By digitalising employees planning processes and eProcurement, we will further reduce the consumption of paper.  
**Deadline:** 2025



### HAZARDOUS MATERIALS

- **Goal:** Reduce the number of hazardous materials by 10 %
- **Action:** Reduction of hazardous materials through disposal of hazardous materials that are no longer used and the targeted standardisation of products with the same function.  
**Deadline:** 2025



### Awareness-raising of employees

Our employees have a decisive influence on our environmentally-relevant activities. It is therefore of central significance to us to keep them regularly informed about our initiatives and goals and the progress of our environmental programme. For that reason in 2020 we carried out a company-wide environmental campaign and actively involved our employees in defining the environmental objectives. With these measures, and our regular training sessions, we raise the awareness of our employees in relation to environmentally-relevant topics.

# OUR VALUES

We are all confronted by the need to change. Markets, technologies and industries are in a state of upheaval.

Challenges such as the Covid-19 pandemic change the framework conditions without prior warning, radically and comprehensively. This highly-dynamic world demands adaptation, agility, innovation and continued development from us all.





3.1

# LEARNING AND DEVELOPMENT

Our group of companies has enjoyed worldwide success above all thanks to our motivated employees. With their competence, ideas and suggestions for improvement, they perform outstanding service and thus contribute lastingly to the long-term success of the company. We therefore wish to support all employees in their tasks and in gaining additional qualifications over the entire course of their professional careers - technically and personally.

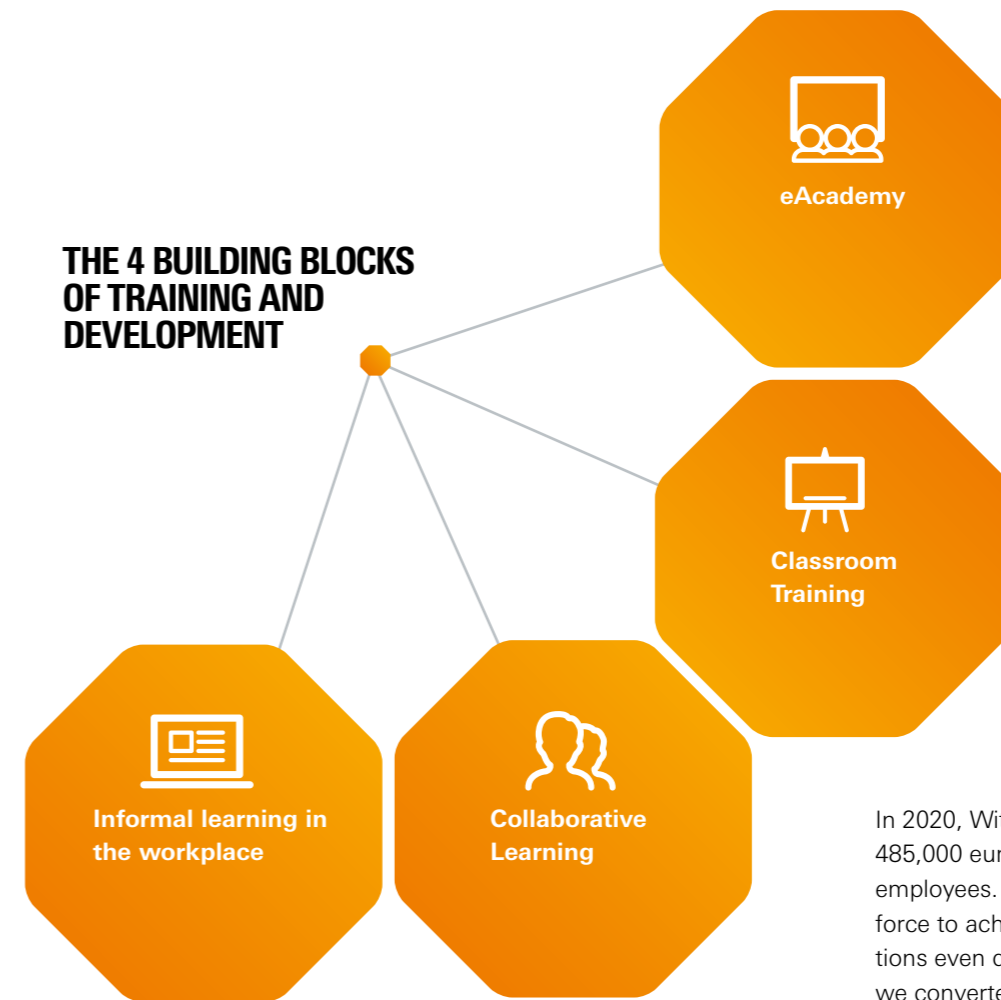
Ongoing training is an important factor in our success. Therefore we are making large-scale investments in the training and development of our employees. The knowledge and capabilities of our workforce are the basis of our success. At Witzemann, we are also constantly working on adapting our employee development formats to constantly changing framework conditions and needs. Our aim is to promote a culture that supports our employees in integrating learning into their everyday working lives. This includes empowering employees

to acquire knowledge quickly and flexibly and to build skills that will have future relevance. Our declared goal is to increase the large number of opportunities for individual, sustainable and long-term employee development.

**Focus on people**

On the basis of our various offerings, we support the HR department in talking over individual development goals with employees and managers and agreeing on suitable measures to achieve those goals. Our framework here

**THE 4 BUILDING BLOCKS OF TRAINING AND DEVELOPMENT**



In 2020, Witzemann invested 485,000 euros in further training its employees. To enable the workforce to achieve further qualifications even during the pandemic, we converted numerous in-person events to digital formats. In 2020, we offered around 500 employees training seminars.

**Properly using the opportunities presented by digitalisation**

To promote the culture of learning and innovation we carried out preparatory measures in 2020. These form the basis for the eAcademy. With this we are pursuing the goal of group-wide digitalisation of training at Witzemann. The implementation of group-wide standards and cross-department, cross-company cooperation are the basis for our objective. Our activities are focused on systematically extending and updating our qualifications programmes as well as aligning all processes with the eAcademy. Preparations for an international rollout are also ongoing. Feedback processes for the training and course offerings help us constantly engage with the needs of our workforce and make a broad-based offering available.

is formed by employee interviews, potential assessments and development programmes. We are focusing on a qualifications programme oriented towards profile qualifications and are proceeding step by step - from induction qualifications to job-related initiatives. We promote lifelong learning based on four building blocks:

- informal learning in the workplace in the form of projects and cross-team or cross-departmental topics,
- collaborative learning in the form of workshops or keynote speeches,
- Classroom training sessions for further training on special topics or in specific activities,
- Learning Nuggets, which employees find independently via the Learning Lab in the eAcademy in the form of online presentations.

Since 2019 the digitalisation of our training programme and the digitalisation of all training management has been a focal point of our activity. Furthermore, since 2020, we have been offering English courses for our employees. These are also available to employees in our subsidiaries, a measure through which we hope to further promote international cooperation and the networking of our employees.



3.1

LEARNING AND DEVELOPMENT

Fostering young talent

Witzenmann has been committed to training for many years. As well as securing qualified new talent, by training young people we are fulfilling our societal responsibility. As a family company, it is especially important to accompany young people on their path and support them - that is part of our Witzenmann DNA. Our apprentices and dual students are our skilled workers of the future. In 2020 Witzenmann trained ten apprentices in eight different skilled trade professions. We continually check our training portfolio and the orientation of our skilled trade professions based on current developments and requirements. Generally we offer to take on our trainees as permanent employees. In 2020, the take-on rate was 82 %.

Even during their studies, students have the opportunity to gain deep insights into the company's various work fields. In the context of an internship, a student work placement or during their thesis work, they gather practical experience and enhance their technical and personal qualifications. In addition, Witzenmann promotes and nurtures a close relationship with Pforzheim University.



“For us, mutual esteem is of the highest importance. It is with great enthusiasm and respect that I see how committed each member of employees is to our joint success.”  
Christine Wüst,  
Vice President Human Resources

3.2

OCCUPATIONAL HEALTH AND SAFETY

Witzenmann is all about safe and healthy work. We see the avoidance of accidents and safety in the workplace as part of our responsibility. Furthermore, promoting the health of our employees is a central aspect of what we see as our role as a sustainably acting company. This became clear in 2020 in

the context of the anti-pandemic measures. Employee health has the highest priority and is thus an integral component of the management culture at Witzenmann. Therefore we link all health-related measures, whether regarding ergonomic workplace design, health-related offers or safety qualifications.





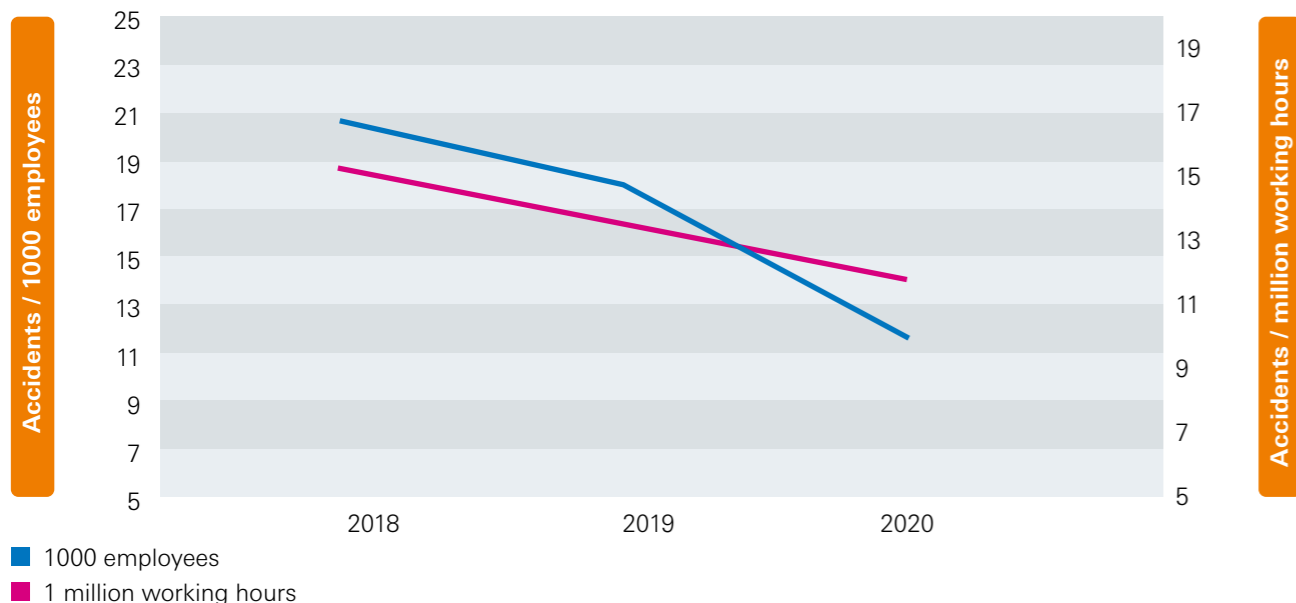
3.2

### OCCUPATIONAL SAFETY

Establishing the best possible safety in the workplace, and continually improving it, is for us a matter of course. Our progress in this area is evident, among other things, in the accident rate, which we continuously reduce from year to year. We want to intensify this development. In a regular cycle, we identify, assess and prioritise possible risks to work safety. From this we derive specific measures for improvement. We leave nothing out of consideration. The scope ranges from improved mapping of hazardous waste storage to optimised measures to avoid cutting injuries.

Generally, when any work accidents occur, we carry out a comprehensive accident analysis and derive appropriate measures from that. Through regular workplace-related or activity-related risk assessments, we can define necessary technical and organisational measures in a timely fashion and instruct our employees accordingly. In this respect, we always bear in mind our goals of avoiding work accidents completely and reducing the risk of occupational illnesses to a minimum. We also carry out regular inspections to check the status of the implementation and the effectiveness of the measures. The business management defines the programme and objectives.

A central element of this programme involves creating awareness among our employees, their consciousness of safety-relevant topics and conveying the necessary knowledge. We therefore offer a series of training sessions that our employees go through - from trainees to management. As part of this, we also use the possibilities offered by digitalisation and make a large number of training sessions available in our eAcademy. Other communications methods are used on an auxiliary basis, e.g. newsletters, posters or videos.



### COMPANY HEALTH MANAGEMENT

Health is of key significance for our employees and for us as a responsible, top-performing company.

For that reason we consider health an important part of our corporate culture. A good management culture and collegial behaviour in the work environment are essential for this. These are anchored in our "WI-Lead" program as guidelines for our managers.

Our corporate integration management plays an important role in securing the health of our employees. Managers, HR business partners and the company's medical service work together closely on this. Furthermore, we encourage our employees to engage actively for healthy and secure working conditions, and encourage self-organisation. In 2020, for example, we trained selected employees in supervisory roles. As health-orientation guides, they motivate and support colleagues to engage in health-promoting behaviour in the workplace in a cooperative way. In this way they make an important contribution to encourage long-term implementation of the Company Health Requirements (CHR).

Over and above the mandatory offerings, we make offers to our employees in the context of the ordinance on occupational medical care. In this we support the workforce with a year-long offer of flu vaccination. Last but not least, Witzenmann employees can improve their personal fitness through participation in various sporting groups. The variety of activities ranges from tennis and walking, to yoga and zumba, the arrangement and organisation of these activities being left to the employees themselves.

#### Action during the Covid-19 pandemic

As a responsible employer, we want our employees to have a healthy and safe working environment. To protect the employees, therefore, comprehensive measures were taken very quickly at the start of the pandemic. For this purpose we developed and introduced new working regulations: the wearing of a mouth-nose covering or compliance with a minimum

standard for all employees in production and in the office, including in rest and customer contact areas. Business trips have also been kept to a minimum until now.

The IT infrastructure was upgraded to enable mobile working and implement it systematically. Digital formats such as video and telephone-conferencing helped to maintain intra-company communication on a virtual basis.

As the Covid-19 pandemic progressed, we made comprehensive test facilities available - primarily in the production areas. In a company test centre, all employees had the opportunity to be tested on a weekly basis. Furthermore, in 2021, we organised four vaccination campaigns in total, aimed at our employees, their families and partners as well as external service providers. The occupational medical service carried out a total of 1000 first, second and booster vaccinations.

3.3

# MANAGEMENT AND COOPERATION

We see excellent leadership as the basis for our corporate culture. The interplay of strategy and culture is one of our most important strategic elements and makes a significant contribution to long-term business success. Our management employees play a key role in this. It is important to constantly further develop our management culture and our cooperation together.



## WI Lead

Leadership quality is the basis for good cooperation. This involves constantly examining our own actions. We lay the basis for this in our "WI Lead" programme, which is aimed at management and describes the management and cooperation culture we want to create in the company. It is a one-year programme supported by mentoring from an experienced manager. It is starting in Germany initially and will then be rolled out internationally. The focal points of the WI Lead content are topics such as communication, self-image and external image, understanding the role of management and conducting employees interviews. The job of managers is to arrange framework conditions in such a way that individual employees can develop themselves further and fulfil their potential. We expect our management employees to act as role models, to establish trust, to promote an open culture and to be reliable partners - in both the real and digital worlds.

## WI Empower

It is important to us that our managers empower their employees and support them in being able to offer solutions. In the second stage, therefore, the "WI Empower" programme, we stress the importance of a culture of cooperation and the autonomy of our workforce. With this programme we want to jointly shape the challenges of the fast-moving VUCA world and the transformation into a climate-neutral economy as well as the digital transformation – for the future of Witzenmann. Important elements of this are establishing cross-site and cross-division cooperation and further strengthening the culture of innovation. We want to encourage the curiosity of our employees and their own suggestions and create an open working environment for lifelong learning and change. WI Empower will encompass three stages in total. In the first stage, a joint understanding of leadership and culture is developed. Then come the principles of modern management in changing conditions, management styles and cross-division collaboration.

Building on this, in the second stage (2022/2023), the new philosophy is anchored in practical experience and management culture is developed further. The drivers of intrinsic motivation also play a role in this. The programme rounds off with the third 2023/2024 stage, with training in positive management and learning the transactional management style through examples. The participants carry out self-assessments and learn to accept feedback and make use of it for themselves.

First, we arrange our cooperation and decision processes transparently in relation to the employees. Second, we allow them to participate in these and actively shape them. To measure and continually improve the satisfaction of our employees, we carry out internal employees polls. Step by step, the methods and building blocks of a new feedback culture are being developed further.

Using the various employees development tools, we support and promote in a targeted way the development of our managers' leadership qualities. In the company we promote personalities

marked by a corresponding attitude as well as individual, context-related behaviour, joint management in a team and a high degree of networking. We also attract some young talent through close partnership with institutes of higher education. In addition, we strengthen our managers' personal development through mentoring and networking, a wide range of qualifications offerings as well as stints abroad or for hands-on work.

## Representation of the interests of our employees

Our employees have the right to organise in trade unions. As a company we work constructively with workers' representatives and trade unions. At company sites, the works councils are our most important partner. At regular intervals, and in accordance with regulations, we provide information to workers' representatives, in a timely fashion, through transparent and open dialogue, and with appropriate regard to the particular circumstances. There are works councils at almost all sites in Germany. The only exceptions are a few small units.



3.4

# SOCIAL ENGAGEMENT

## AUTHENTIC COMMITMENT TO DO MORE

Social engagement is one of Witzemann's most deeply rooted values and benefits both our own workforce and civil society in the regions of the individual company sites. Our goals for the further development of Corporate Social Responsibility build on an already broad basis.

We want to bind our network of local initiatives more tightly together and encourage our international subsidiaries to intensify their on-site activities. Our social engagement will be extended to new, current topics and approaches. In this way we hope to make ourselves fit for the requirements and needs of a changing civil society.

Among other things, this includes integrating our employees more strongly and developing and driving forward their own ideas and initiatives. To facilitate this, we set the framework conditions so that broad-ranging creative opportunities are opened up.

## A BROAD RANGE OF INITIATIVES

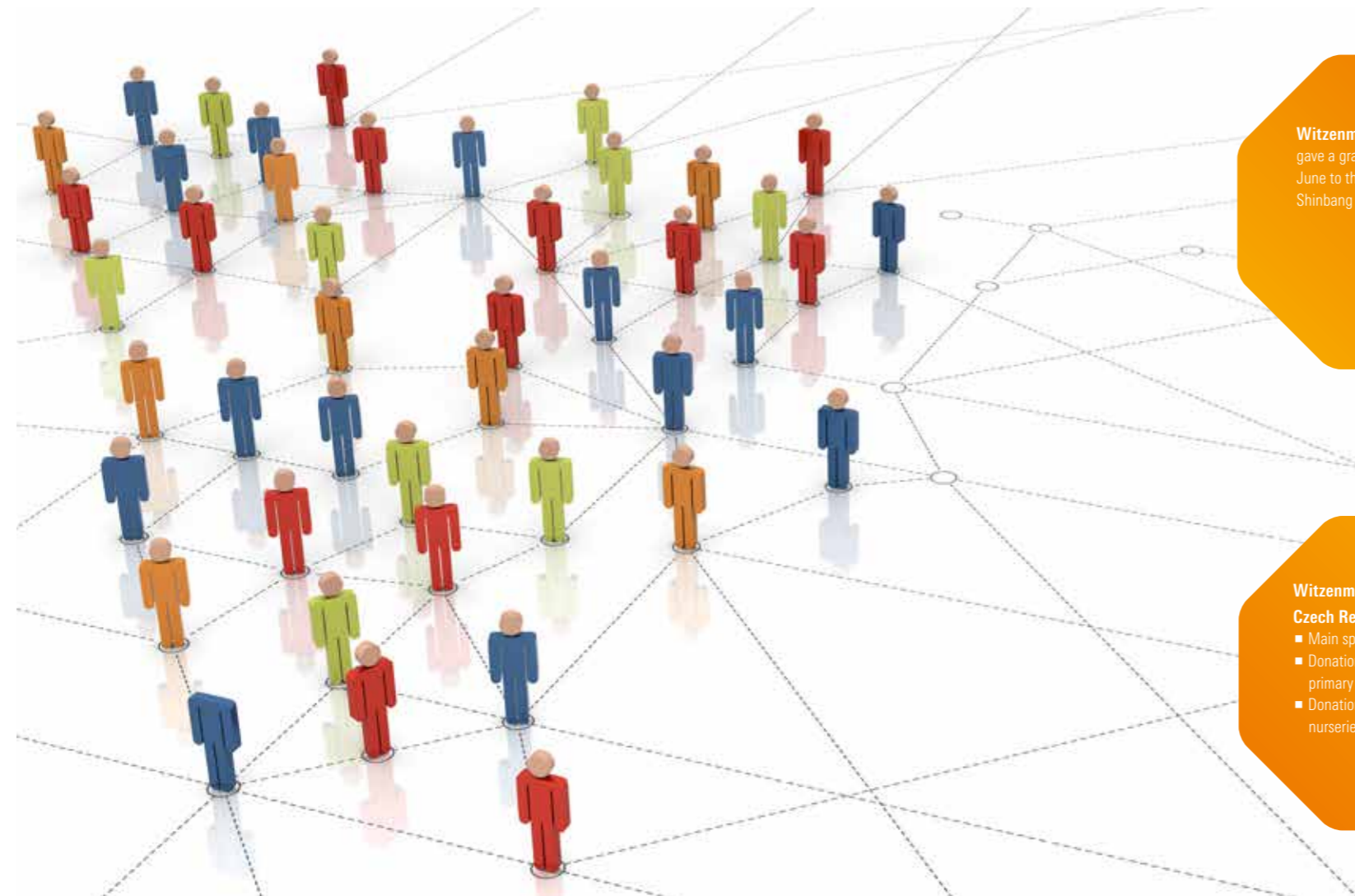
Through various sporting activities for employees, Witzemann promotes the health and fitness of the workforce as well as interaction outside of the workplace and a good corporate atmosphere. Subsidising freshly prepared meals in the canteen contributes to healthy nutrition. With daily takeaway food, this offer is also available to family members of our employees.

Sporting events such as a "Run for life" or the Pforzheim city run are regularly supported by Witzemann. Witzemann is a platinum sponsor of the Formula Student racing team at Pforzheim University. The multiple trials bike world champion Nina Reichenbach is also sponsored by the Witzemann Group.

In the musical sphere, Witzemann is committed, and not just financially, to support the South-west German Chamber Orchestra and Pforzheim Theatre. Employees

can obtain tickets from the pool for the chamber orchestra as well as the triple-use performance venue.

The Technical Museum preserves the memory of Pforzheim's industrial history and is also regularly supported by Witzemann. We have future-oriented initiatives that allow school pupils to gain an insight into our company and provide inspiration to female engineering talent, and not only them. Examples include the Girlsday or the Pupil Engineering Academy (PEA).



**Due to the pandemic, many activities could not be carried out as usual. For that reason some subsidiaries concentrated on donations of money or goods.**

**Witzemann Korea**  
gave a grant of 2,500 euros last June to the local municipality and Shinbang primary school.

**Witzemann Spain**  

- Main sponsor: "Guadalajara Half-marathon" and "11 km Witzemann" "New Talent Contest of the City of Guadalajara".
- In the pandemic: Hygiene masks made with 3D printers for local hospitals and for the employees of our own suppliers

**Witzemann Opava Czech Republic**  

- Main sponsor of the "Opavská míle"
- Donation in kind to the local primary school during a ski competition
- Donations in kind and money to five nurseries in Opava

**Witzemann Mexico**  

- Basketball baskets for local primary schools and a public playground.
- Donation in kind to a nursery in San Miguel Octopan and a home in Celaya

**Witzemann Sachsen**  
supports local sports clubs in the Zwickau region

**Witzemann India**  

- Four patient monitors for the intensive care unit at the Hindu Mission Hospital
- Covering the annual salary and material costs for the Housekeeping Oncology department of the hospital in Royapettah, Chennai.
- Donation to the local police station

**Witzemann China**  
carries out blood donor campaigns together with local partners

**Witzemann Benelux**  
Donations of money and goods to:  

- Plan International
- SOS-kinderdorpen
- Child Focus
- Rode Kruis Vlaanderen
- Moeders voor Moeders
- Kom op tegen kanker
- Diabetici vereniging

**Idrosapiens Italy**  

- Additional health insurance for all employees / Coverage of a hospital stay and convalescence when infected with Covid-19

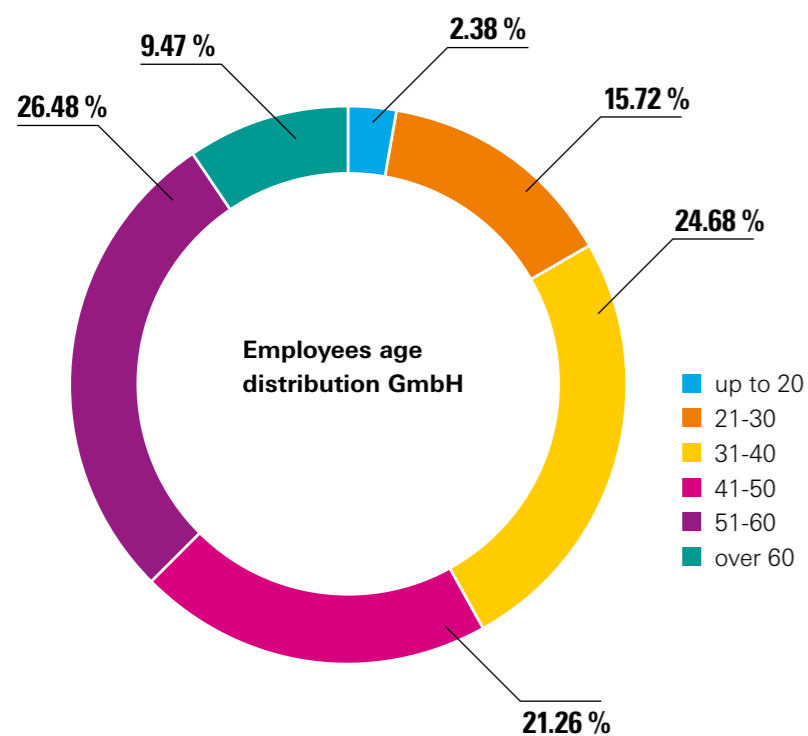
3.5

# DIVERSITY AND EQUAL OPPORTUNITIES

Our workforce is as varied as our customers. We are convinced that it is this diversity that makes us successful as a company. For us, diversity means the inclusion and interaction of various mindsets, backgrounds, experiences and competencies, across all levels and dimensions of our company. We therefore foster framework conditions that create awareness of diversity at all levels.

Our goal is to attract and develop the best-qualified technical employees and managers for the company - regardless of age, background, sex, sexual orientation and identity or disability. As a globally established company, we are convinced that diverse teams - i.e. with a mixture of sexes, ages and national origins - often achieve better results and valuing individuality enhances

the working atmosphere. The breakdown of employees by age group remains almost unchanged compared to the previous year. The average age in the year of reporting was 43.5.



## Cultural diversity and international outlook

Cultural diversity is an integral element of our mission statement and anchored in our principles of social responsibility. We create and actively promote framework conditions for a work environment that is respectful and open to all. But we also expect employees to be open, respectful and fair in their dealings with one another. In this respect, our managers are role models and bear a special responsibility for nurturing a corporate culture based on fairness.

The cultural diversity of our workforce helps us achieve a better understanding of the wishes of our customers in different regions but also in aligning our products towards them. At the same time we are promoting understanding of diversity and inclusion through training in inter-cultural competence and will make use of targeted recruiting. We deliberately promote international employees deployments. Some of our employees are deployed internationally throughout the world, for example many go to Mexico, China or the Czech Republic. Conversely, many employees come from other countries to Germany. There is also an exchange between the other countries.

## Gender justice

For years we have worked to create a corporate culture based on diversity and equality of opportunities - e.g. promoting women into leadership positions. In 2020 the proportion of women in the workforce was 20 %. In the years to come, we aim to increase this. We see framework conditions that support the harmony of professional and family life as an important basis for this. Our commitment to encourage women at all levels of the company begins with an active recruiting process. We are actively seeking good role models in our company and encourage male managers to promote women. Our aim is, together with our employees, to actively shape cultural change in the direction of equality of opportunities, diversity and integration.

After the corona pandemic, we are planning, for one thing, the resumption of the Girls-and-Boys-Day in training and, for another, the start of a Women Summit. In a cosy "fireside chat", we want to give our female colleagues the change to network with one another, offer mutual support and also raise awareness of this issue in the company worldwide. In addition, we are working systematically towards female Employer Branding, in order to attract the best talent to the company and retain it in the company too. In cooperation with Ludwigshafen University we are starting a poll to raise awareness of women in leadership positions.

## Disabled persons

Witzenmann is also committed to equality of opportunities for people with disabilities as well as their inclusion in society and the workplace. It goes without saying: with us, and for us, what counts is the human being; disabilities shouldn't matter. For this reason we promote barrier-free work environments. But in future we want to do more than overcome visible and invisible barriers. As a company, we want to foster a culture that consciously offers participation and understanding on an equal-opportunity basis, to support and empower people with disabilities.

We foster a motivating work environment characterised by appreciation of worth and equality of opportunities. As part of this, we promote diversity and inclusion through awareness-raising and qualification measures for the workforce and we offer additional presentations and measures.





3.6

# ATTRACTIVE EMPLOYER

Our aim is to be one of the most attractive employers in the SME segment. Above all, in a tight labour market, it is important to us, first, to retain good employees and, second, to attract the best talent. We want to instil a long-lasting enthusiasm for Witzemann in both groups.

### Additional qualifications as key

We support our employees with appropriate offers for additional qualifications, assist them in assuming new responsibilities and create framework conditions for organising professional and private life in the best possible way and bringing them into harmony with one another. This includes, among other things, rapid reintegration after time away, the flexibilisation of working times - in accordance with their respective living situations - or also the continuous onward development of our work culture. We also support our workforce through offers of childcare.

### New Work

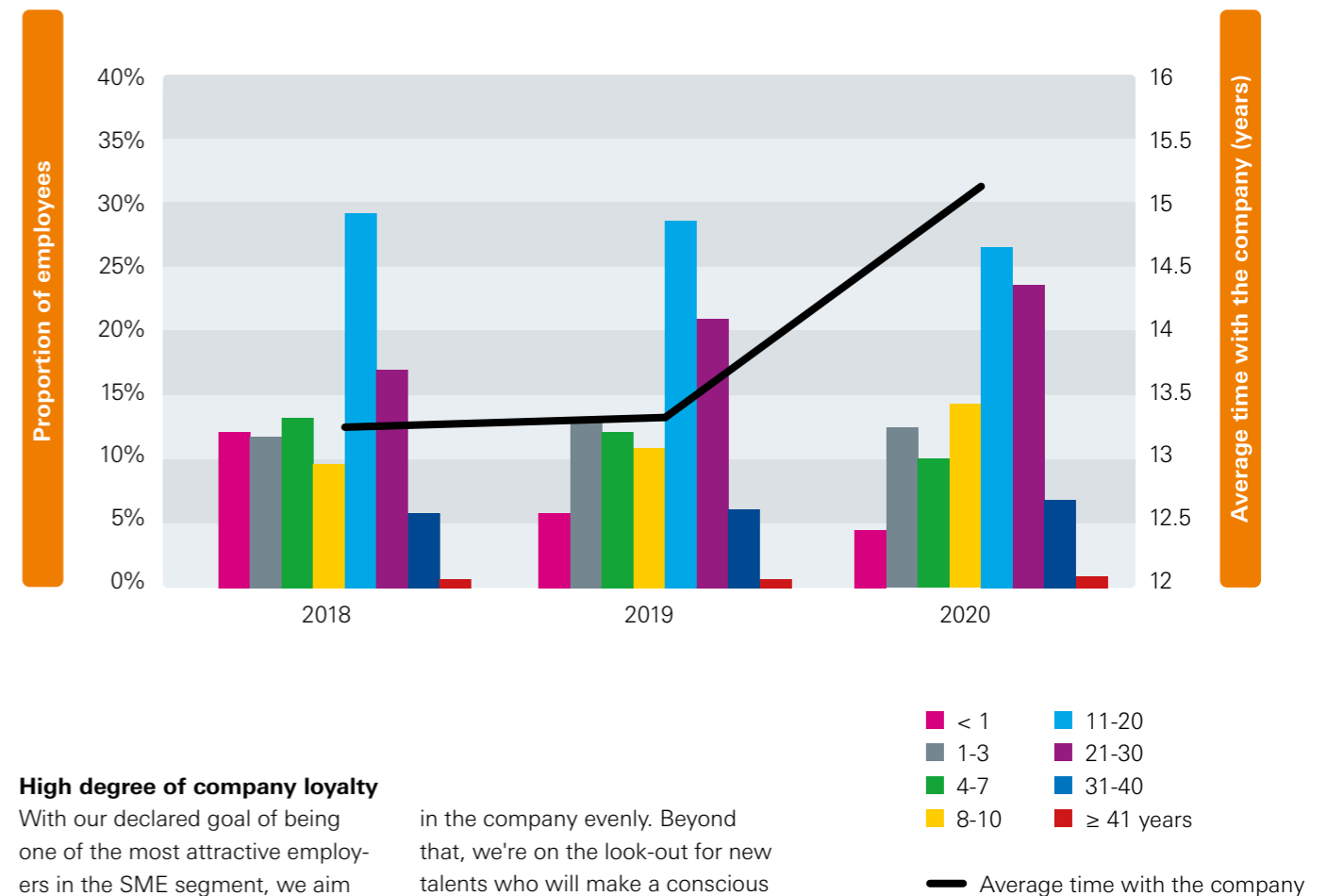
At Witzemann, we see ourselves as a future-oriented company. Therefore, part of our responsibility involves considering and actively shaping current and future developments that have influence on our employees. The question here is about how we will work in the future and also how activities and capabilities will change (New Work). We are therefore supporting our organisation (through agile

organisational forms, new types of cooperation) as well as our employees with the competencies required for this. For our company's further development, we are actively including our workforce in the dialogue as the most important stakeholder. All of this is in focus for Witzemann's working methods of tomorrow.

“My responsibilities challenge me every day, so it is never boring and I still see lots of opportunities for personal development.”  
Kirsten Prill,  
Production Planner



Time with Witzemann GmbH



### High degree of company loyalty

With our declared goal of being one of the most attractive employers in the SME segment, we aim to keep employees enthusiastic about Witzemann over the long term. To do this, we are constantly seeking initiatives and we support our employees with appropriate offers that take into account and deal with the professional and personal needs of all generations

in the company evenly. Beyond that, we're on the look-out for new talents who will make a conscious decision to opt for our company. It says much about our company that the workforce remains with us for a very long time. The numbers demonstrate how committed our employees are to the company.





# OUR RESPONSIBILITY

Sustainable business goes beyond the company's own boundaries. For that reason we assume responsibility for our entire value chain.



4.1

# ENVIRONMENTAL AND SOCIAL STANDARDS IN THE SUPPLY CHAIN

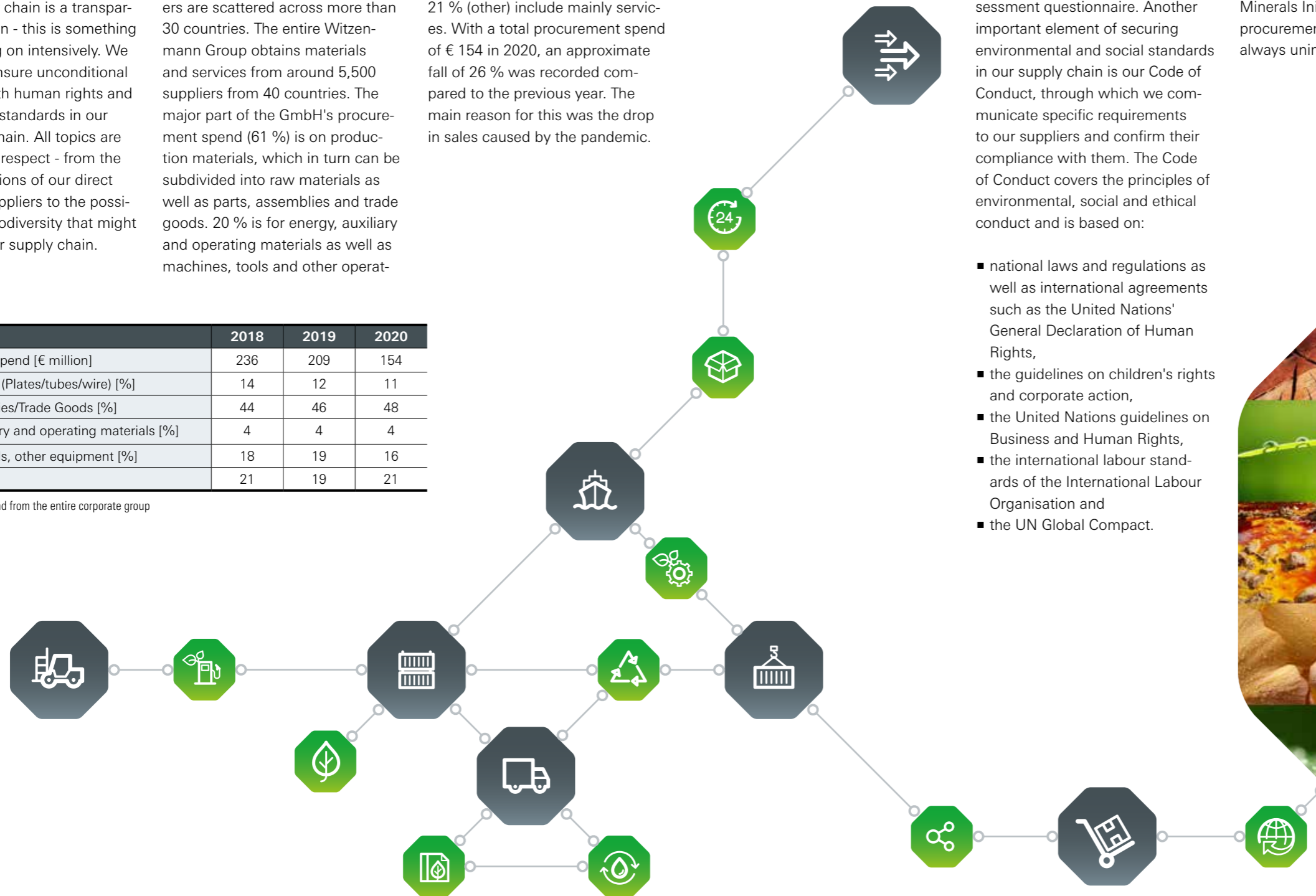
The first step towards a more sustainable supply chain is a transparent supply chain - this is something we are working on intensively. We thus want to ensure unconditional compliance with human rights and environmental standards in our entire supply chain. All topics are relevant in this respect - from the working conditions of our direct and indirect suppliers to the possible losses of biodiversity that might arise across our supply chain.

Our company's almost 2000 suppliers are scattered across more than 30 countries. The entire Witzemann Group obtains materials and services from around 5,500 suppliers from 40 countries. The major part of the GmbH's procurement spend (61 %) is on production materials, which in turn can be subdivided into raw materials as well as parts, assemblies and trade goods. 20 % is for energy, auxiliary and operating materials as well as machines, tools and other operating

resources. The remaining 21 % (other) include mainly services. With a total procurement spend of € 154 in 2020, an approximate fall of 26 % was recorded compared to the previous year. The main reason for this was the drop in sales caused by the pandemic.

	2018	2019	2020
Procurement spend [€ million]	236	209	154
Raw materials (Plates/tubes/wire) [%]	14	12	11
Parts/Assemblies/Trade Goods [%]	44	46	48
Energy, auxiliary and operating materials [%]	4	4	4
Machines, tools, other equipment [%]	18	19	16
Other [%]	21	19	21

Incl. procurement spend from the entire corporate group



### Responsible Procurement

We impose high requirements not only on ourselves, but on our suppliers too. Alongside our high quality standards, we are increasingly placing the focus on sustainability-related topics and ask about these actively via our self-assessment questionnaire. Another important element of securing environmental and social standards in our supply chain is our Code of Conduct, through which we communicate specific requirements to our suppliers and confirm their compliance with them. The Code of Conduct covers the principles of environmental, social and ethical conduct and is based on:

- national laws and regulations as well as international agreements such as the United Nations' General Declaration of Human Rights,
- the guidelines on children's rights and corporate action,
- the United Nations guidelines on Business and Human Rights,
- the international labour standards of the International Labour Organisation and
- the UN Global Compact.

Witzemann procures low quantities of conflict minerals such as tantalum, nickel, or tungsten. Responsible procurement is an important matter for us. Annual queries of all suppliers concerned based on the Conflict Minerals Reporting Template from the Responsible Minerals Initiative ensures that our procurement of conflict minerals is always unimpeachable.

### INFO

#### Biodiversity

describes the entire biological variety on the Earth, including all plants and animal species, genes, life-forms etc. The variety of species makes and intrinsic contribution to a functioning eco-system. In the past, over-exploitation of nature has caused a significant loss of bio-diversity. It is one of the planetary limits that has already been significantly exceeded (Rockström et al. (2009)<sup>4</sup>.

<sup>4</sup> Johan Rockström et al.: Planetary Boundaries: Exploring the Safe Operating Space for Humanity. In: Ecology and Society. Volume 14, No. 2, 2009.





4.2

# CORPORATE COMPLIANCE



Compliance – the observance of laws that apply to our company and our activities, the company's internal guidelines and fundamental ethical principles and international standards - is an essential element of our self-image. As a signatory of the UN Global Compact, we strive to fight corruption in all of its forms and to comply unconditionally with human rights and workers' rights.

To facilitate this, we have written our globally applicable Compliance Guidelines. These emphasise the social and corporate responsibility of the Witzemann Group, lawful conduct as well as fairness and integrity in the internal dealings with each other and in relation to customers, suppliers and other business partners, as well as in relation to competitors. With our Compliance Guidelines and other topic-specific guidelines (e.g. Guidelines on Work Ethics) we give our employees comprehensive, readily available guidance for ethically and legally unimpeachable conduct and action. A whistleblowing hotline is available to our employees for suspect cases. To lower the threshold for this facility even further, we are now switching to a web-based whistleblowing system, which also permits reports from interested third parties.

We are conscious that our responsibility extends beyond the boundaries of our own company. We therefore expect legally unimpeachable and environmentally and socially responsible conduct from our suppliers too. We have formulated these expectations in a Code of Conduct for our suppliers.

Control of Corporate Compliance is done through our group-wide Compliance Management based on ISO 37301. All structures and processes of the entire Witzemann Group are being included in this process step by step. The preventive approach to Compliance Management enables us to identify potential infringements and risks in a timely fashion and act accordingly. Coordination of this is done centrally through Witzemann GmbH. Operational implementation is carried out on a decentralised basis in the respective subsidiaries on site, based on instructions from the central body. We are

currently working on devolving more responsibilities to subsidiaries. This is supported by a Compliance Network currently under construction, consisting of the managing directors of the subsidiaries, local legal firms and the Compliance managers for the overall corporate group.

The foundation of our Compliance Management is comprehensive and regular risk analysis. The most recent update took place in 2021. A central element of these risk analyses are interviews with management employees from the entire corporate group, carried out with the participation and guidance of specialised lawyers. In

this way we are striving to fully integrate all subsidiaries in this process. Based on the analyses, the risks are assessed, list of actions are drawn up and the priorities are worked through. Regular checks and appropriate monitoring accompany this process.

In 2022 we are planning the first steps towards introducing extended risk management, which will encompass financial risks alongside legal ones. The first building

block will be an internal audit. Furthermore, a Compliance Steering Group will be created as an additional management and monitoring body - consisting of management of the parent company and employees with management functions and compliance-related duties.



“Compliance means much more than just maintaining a good reputation. Compliance is an essential pillar of our sustainability strategy.”  
Torsten Hotop,  
Vice President Legal



Compliance Guidelines





4.2

CORPORATE COMPLIANCE

Compliance Management Structure



Our training initiatives are essential to preventing possible compliance breaches. Alongside the traditional general compliance training sessions, our employees undergo topic-specific training, including contract management in Purchasing and Sales as well as anti-corruption and anti-cartel law. As part of this process, we are attentive to the needs for individual adjustments. Our trainees are trained along with our managers.

4.3

SUSTAINABLE PRODUCTS AND SOLUTIONS

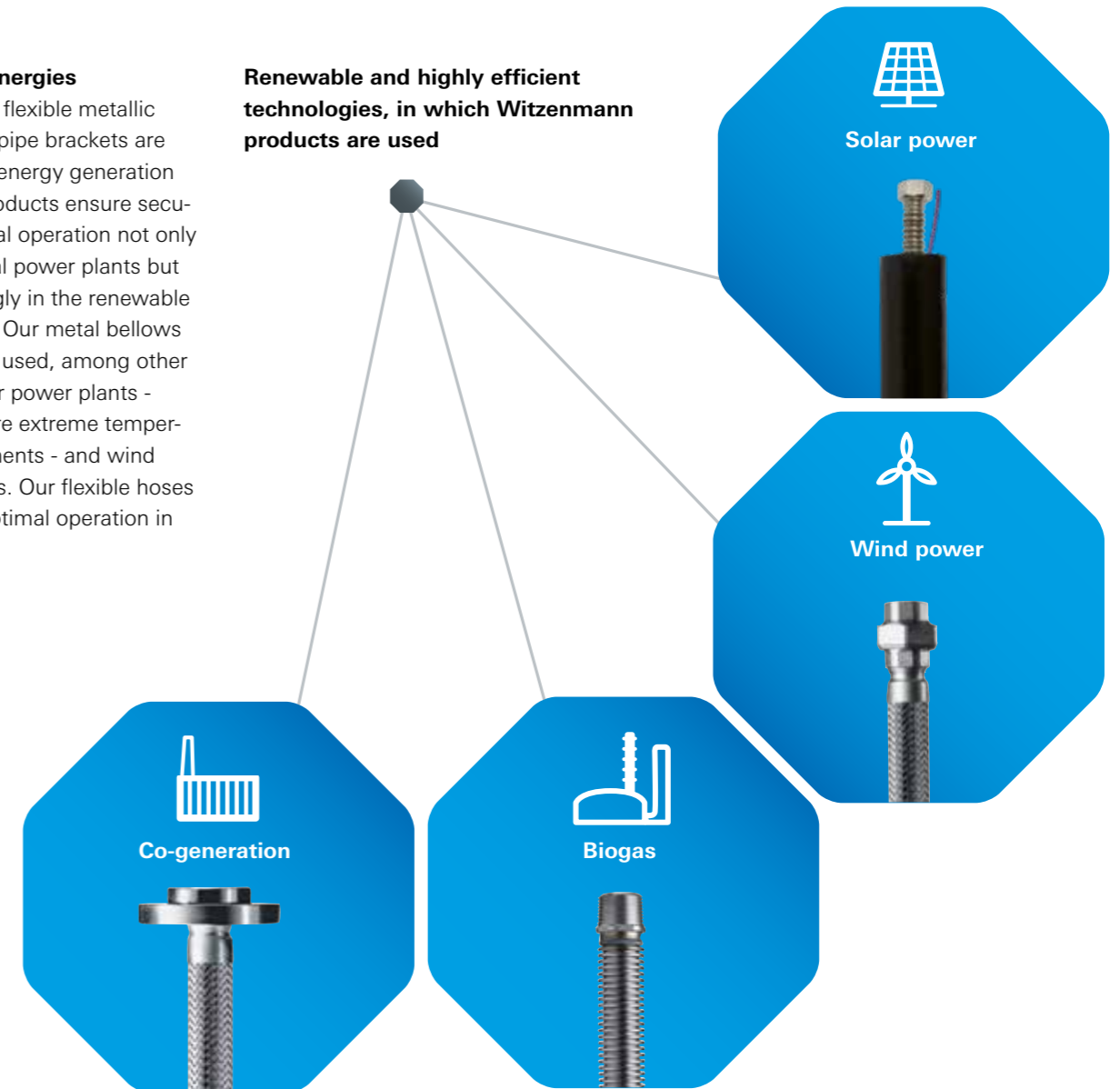
"WE SUPPORT THE TRANSFORMATION TO A MORE SUSTAINABLE WORLD"

Witzenmann supplies many products in business sectors that support the transformation to a more sustainable world. Through our products and technologies, we therefore make a direct contribution to greater sustainability. Every day we work to intensify this contribution.

Renewable energies

Witzenmann's flexible metallic elements and pipe brackets are used in many energy generation plants. Our products ensure security and optimal operation not only in conventional power plants but also increasingly in the renewable energy sector. Our metal bellows and hoses are used, among other places, in solar power plants - where there are extreme temperature requirements - and wind power systems. Our flexible hoses also ensure optimal operation in biogas plants.

Renewable and highly efficient technologies, in which Witzenmann products are used



4.3

**SUSTAINABLE PRODUCTS AND SOLUTIONS**

**New Mobility**

The automotive industry is facing far-reaching changes: alternative drive concepts, intelligent networking and autonomous driving will shape the mobility of the future.

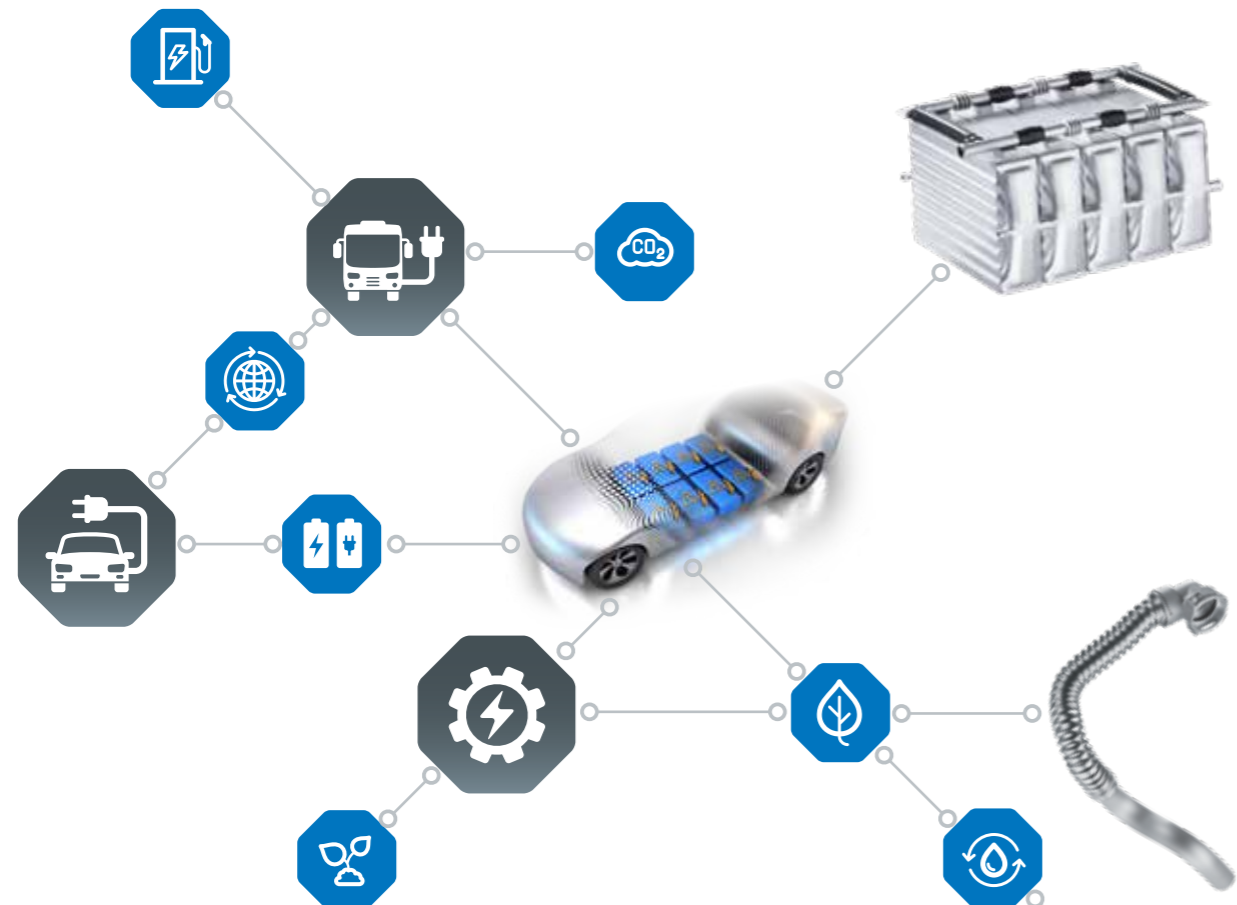
As a preferred development partner of the automotive and commercial vehicle industry, Witzemann, with its expertise, is shaping this change and developing solutions for applications in hybrid and electric vehicles.

Witzemann already supplies first products today for series production: besides gas discharge lines for vehicle batteries, these are hose assemblies for hydrogen applications. Innovative

solutions for battery cases as well as the thermal management of electrical motors and batteries are in the conceptual design and development stage.

Witzemann is already engaged in series production of the new generation of shock absorbers: accumulators. The newly developed bellows are used in various vehicles and contribute to driving safety and comfort. The bellows are manufactured from a special stainless steel and, thanks to their innovative technology and construction, have no rubber membrane. This ensures reliable, maintenance-free operation across a long service life.

In addition, when in use, the Witzemann solution consumes significantly less energy than comparable systems and is therefore especially appealing to the e-Mobility sector. Many other applications are also conceivable - for example in wind power systems.



**H2**

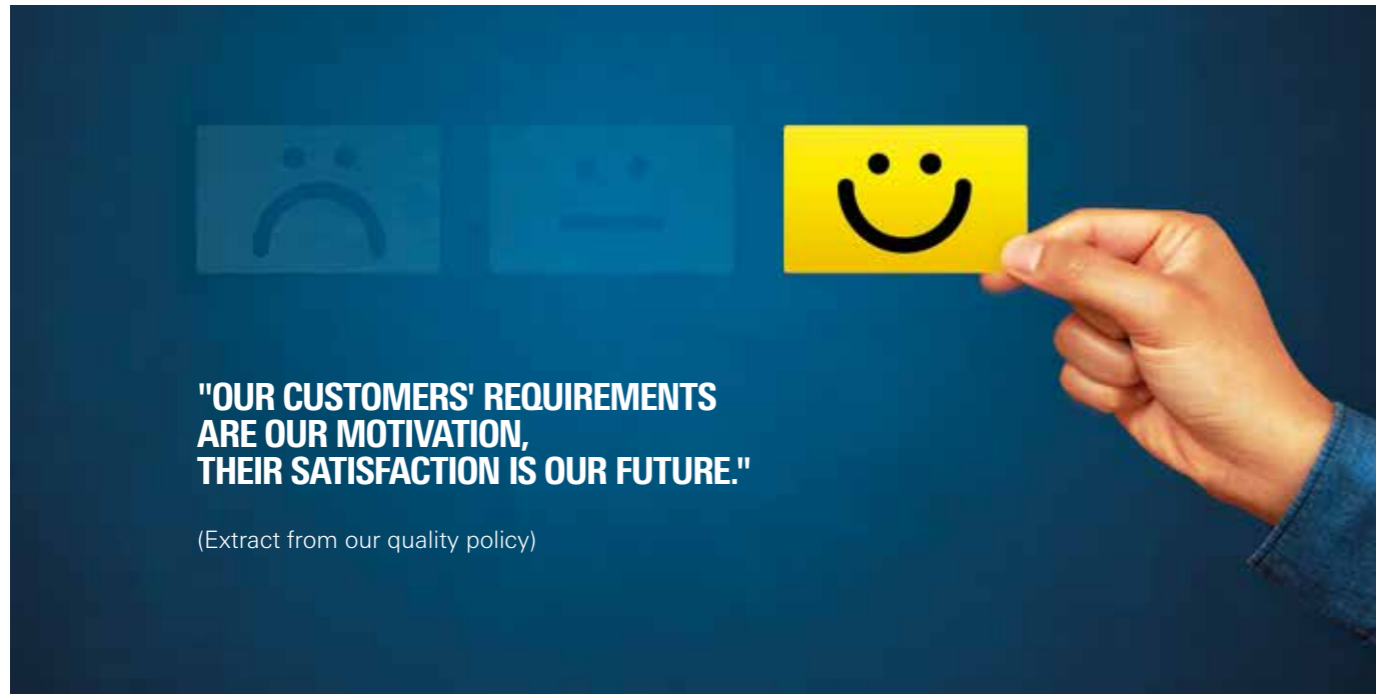
Hydrogen is one of the great hopes for sustainable transformation. It has already been on our agenda for years. It is generally manufactured and filled at extreme temperatures - in the high-temperature and sub-zero range. Our products are ideally suited for these requirements and ensure safe handling of the energy medium of the future. We are now also increasingly bringing these many years of experience to bear in hydrogen applications, such as fuel cells.





4.4

# CUSTOMER SATISFACTION



The highest product quality, high innovative power along with environmentally-friendly and socially responsible business, this is what our customers expect of us. Our goal is to meet these expectations in full. Only in this way can we establish our action sustainably and successfully over the long term.

**Highest quality standards**

The quality of our products is the most important thing for us. Our high quality standards mean that the exacting requirements of our customers are fulfilled to their complete satisfaction. Last but not least, we ensure our products are long-lasting, which represents a direct contribution to resource economy and sustainability.

We ensure and constantly improve the quality of our products using certified quality management systems based on the globally recognised standards ISO 9001 and IATF 16949. Correct compliance is regularly checked and confirmed through internal and external audits. Each of our manufacturing companies is certified in accordance with at least one quality management system - the group-wide coverage is thus 100%.

**Innovation leader**

"Tomorrow we start the tests." With this phrase Heinrich Witzenmann founded the era of the metal hose industry in 1885. Together with his business associate Eugéné Lévassasseur he noted how the

dusty streets were sprinkled with a hemp hose. In the process, more water emerged from the holes in the hose than from the actual aperture. His vision was of a metal hose with a sealing thread inserted, which would be able to fulfil its purpose more reliably and for longer.

Today, too, we still develop products and technologies with the same passion. This allows us to offer our customers the best possible solutions for their purposes.

**Confirmed high-level sustainability performance**

Sustainability ratings give us a good idea of where we stand and of the areas in which there is still a potential for improvement. They are also an excellent way for interested parties and above all our customers to get a qualified and independent verified assessment of our sustainability performance.

Thanks to our continuous and systematic improvements, in 2021 we were able to achieve silver status on the rating platform EcoVadis for the first time. With 55 out of a possible 100 points, the Witzenmann Group is among the top 30% of all companies assessed via the EcoVadis platform. In 2020 our assessment was still 53 out of 100 points. Group-wide, we achieve above-average results on the NQC Supplier Assurance Platform, and we are actively working on continuously improving these.



# LEADERS OF THE SUSTAINABILITY TEAM



**Philip Paschen**  
Managing Director (COO, CDO)/  
Partner Chairman



**Matthias Wode**  
Vice President Administration  
Facility Management



**Dr. Philipp Schäfer**  
Manager Sustainability



**Torsten Hotop**  
Vice President Legal



**Jochen Geiger**  
Vice President Marketing & Innovation



**Christine Wüst**  
Vice President Human Resources

Since 2011, Witzemann GmbH has published a sustainability report within the framework of reporting progress on the UN Global Compact. The report appears annually. This sustainability report is valid in full for Witzemann GmbH. Extracts relating to the Witzemann Group are also reported. The report relates to the calendar year 2020. This year is reported in full. Extracts from the year 2021 are also included. The last report for reporting year 2019 was published in March 2021 in German and in June 2021 in English. The Sustainability Report 2022 is expected to appear in Spring 2023.

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