



WAE LZHOLZ



Sustainability Report
2023/2024

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Foreword from the CEO



Dear Readers,

A responsible mindset and business practices have shaped the history of our family company for almost 200 years. This is why here at Waelzholz, responsibility is more than just simply a characteristic. It is a part of our corporate culture and our DNA.

That is why we are embracing our responsibility when it comes to climate action and, within the framework of our sustainability strategy and the global economic conditions, are doing everything we can to become climate neutral. This report, which has been prepared in reference to the European Sustainability Reporting Standards (ESRS) two years before mandatory reporting, provides information on the actions we have taken and the progress we have made. Through this voluntary report, we are making our transformation process transparent while also providing insights into our ESG strategy. This is how we are fulfilling our responsibility to secure the long-term success of our company for generations to come.

To ensure that we achieve the targets set out in our sustainability strategy, we established a

cross-location ESG Council in the previous fiscal year. This Council is responsible for implementing the strategic actions. This includes, for example, the expansion of our PCF/CCF calculation to our Brazilian and Chinese sites, which will enable us to transparently pass on carbon emissions savings generated there to our customers as well.

Last but not least, we would like to use this report as an opportunity to enter into a dialog with you, our partners and stakeholders. Let us take responsibility together and pave the way to a more sustainable future.

With kind regards,

Dr.-Ing. Heino Buddenberg
CEO

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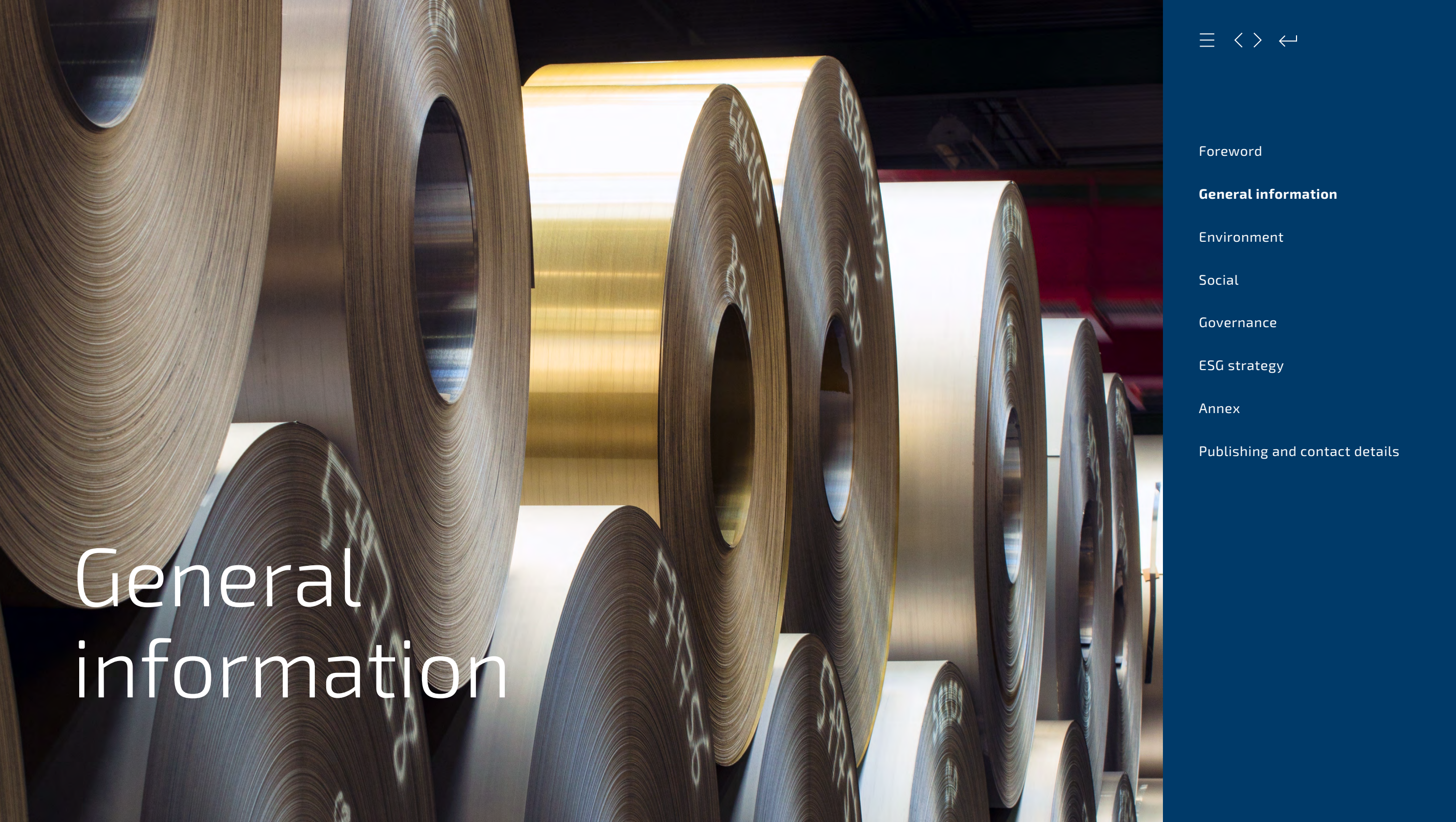
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General disclosures

The purpose of this sustainability report is to provide our stakeholders with transparent and comprehensive information about our corporate sustainability performance in the three key ESG areas of Environment, Social, and Governance. In addition, the report serves as preparation for the legal requirement imposed by the Corporate Sustainability Reporting Directive (CSRD), which will apply to C.D. Wälzholz GmbH & Co. KG from the 2025/26 fiscal year onwards.



Scope of consolidation and scope of this report

This sustainability report was prepared based on the requirements of the European Sustainability Reporting Standards (ESRS) for the 2023/24 fiscal year. The scope of consolidation for this report includes the manufacturing subsidiaries of C.D. Wälzholz GmbH & Co. KG located in Germany, Brazil, and China. It therefore does not correspond to that of the group management report.

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In the following, the aforementioned group of consolidated companies is either referred to as “Waelzholz” or “the company.” Any information that applies solely to individual companies or countries is clearly worded as such.

The value chain was included in the materiality assessment. The extent to which Waelzholz’s policies, actions, targets, and metrics apply to our value chain is described in the respective standards.

We have not omitted any information on the grounds of confidentiality (i.e., intellectual property, know-how, competitive advantage) from this sustainability report.

Changes since the previous report

This report marks our transition from reporting based on the guidelines of the Global Reporting Initiative (GRI) to reporting in reference to ESRS.

Key changes include a double materiality assessment (DMA) conducted in reference to the requirements of the ESRS to identify material impacts, risks, and opportunities (IROs) in the company’s own operations and in the upstream and downstream value chain. On this basis, the report provides comprehensive information on our key ESG topics, as well as the corresponding policies, actions, targets, and metrics.

Due to this significant structural change, which, among other things, is accompanied by numerous new key performance indicators (KPIs), it is not possible to provide comparative figures from previous years in many places.

Please note that Waelzholz is still in the process of implementing the reporting standards according to ESRS and that these standards will not become mandatory until the 2025/26 fiscal year. As a result, not all of the information required in the future is available at the present time.

Table: Consolidated subsidiaries of C.D. Wälzholz GmbH & Co. KG included in this report

GERMAN SUBSIDIARIES	OWNERSHIP INTEREST
C.D. Wälzholz GmbH, Hagen	100.00%
FOREIGN SUBSIDIARIES	
Waelzholz New Material Co. Ltd.; Taicang, PR China	100.00%
Taicang Wälzholz Kern-Liebers New Material Co. Ltd., Taicang/PR China	65.00%
Waelzholz Brasmetal Laminação Ltda.; Diadema, Brazil	44.10%

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The role of the administrative, management, and supervisory bodies

Our Executive Board

The Waelzholz Group's Executive Board comprised the following members in the 2023/24 fiscal year:

- Dr.-Ing. Heino Buddenberg, CEO
- Dr. rer. pol. Matthias Gierse, CSO/CPO
- Dipl.-Kfm. Holger Bierstedt, CFO
- Henrik Caspar Junius, M. Sc., COO

The active members of the Executive Board manage the business in accordance with all applicable laws and regulations as well as the company's Articles of Incorporation. In doing so, they must observe the list of business transactions requiring the approval of the Waelzholz Board of Trustees, which is set out in the rules of procedure for the Executive Board. Executive Board compensation is not linked to sustainability-related performance.

The Waelzholz Board of Trustees

The Waelzholz Board of Trustees is an independent advisory and supervisory body. It is responsible for exercising the rights of the shareholders' meeting and the ongoing supervision of the Executive Board. The Board of Trustees includes three family foundations



The Executive Board of Waelzholz: Dr. rer. pol. Matthias Gierse, Dr.-Ing. Heino Buddenberg, Henrik Caspar Junius (M. Sc.), Dipl.-Kfm. Holger Bierstedt (from left to right)

and one natural person as limited partners with voting rights:

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

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

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The chair of the Board of the Hans Martin Wälzholz-Junius Family Foundation is the chair of the Board of Trustees. The chair of the Board of Trustees coordinates the work of the Waelzholz Board of Trustees, which consists of six members as of June 30, 2024.

As of June 30, 2024, one woman and five men served on the Board of Trustees.

Organization and structure of our sustainability management

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

The Executive Board and the Board of Trustees regularly exchange information. As with the preparation of the annual financial statements, the content and release of information in the context of

sustainability reporting is reviewed at the Executive Board level. The Waelzholz Board of Trustees is informed of this as part of the Executive Board's reporting obligations. We predominantly share the collected sustainability information on a quarterly basis, but do so at least annually in the form of this report at meetings of the shareholders.

ESG Council

At the end of 2023, we set up an ESG Council consisting of Holger Bierstedt (CFO) as the member of the Executive Board responsible, as well as employees responsible from the subsidiaries and the Environment, Energy, Occupational Safety, HR, Compliance, IT, Production, Procurement, Sales, and Communications departments, as well as a representative of the Works Council.

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

We are currently developing a formal process that requires the ESG Council to inform the Executive Board about material impacts, risks, and opportunities (IROs), the implementation of due diligence, and the results of the adopted policies, actions, targets, and parameters.

Mr. Bierstedt is the member of the Executive Board with functional responsibility for sustainability. He is a member of the ESG Council and can therefore, if necessary, inform the other members of the Executive Board about current sustainability issues at the company.

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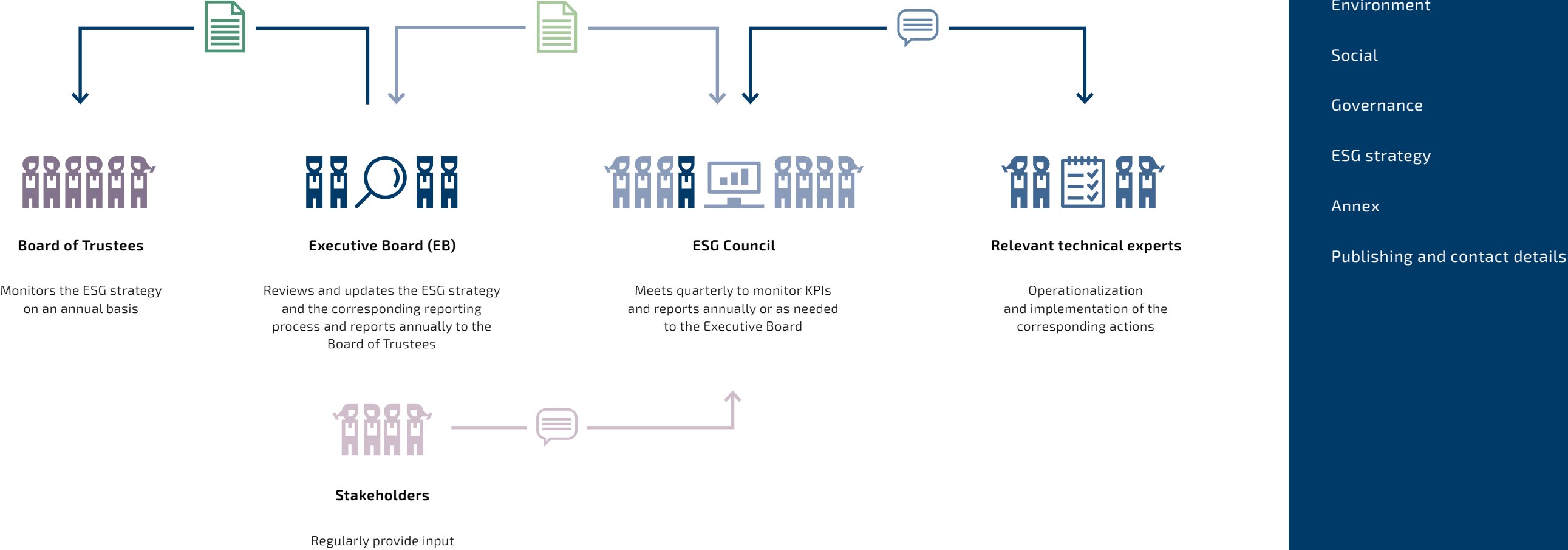
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Statement on due diligence

The table to the right provides an overview of where we provide information on due diligence in this sustainability report.

Risk management and internal controls over sustainability reporting

We regularly assess the risks associated with sustainability reporting and review the effectiveness of our internal control mechanisms. In doing so, our risk management focuses on both the content of the report and the underlying raw data and information that flows into it.

Once a year, the Executive Board reviews and prioritizes the risks related to sustainability reporting. In the future, we will also involve an independent auditor in this process, who can point out potential risks.

The ESRS will be the relevant standard applicable to the Waelzholz Group for the first time in the 2025/26 reporting year. With regard to some reporting requirements and individual data points, uncertainties persist regarding the correct interpretation and implementation. These uncertainties relate to the

Table: Information on due diligence

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THIS SUSTAINABILITY REPORT
a) Embedding due diligence in governance, strategy and business model	→ pp. 7-10
b) Engaging with affected stakeholders in all key steps of the due diligence	→ pp. 7-9, 15-22, 24, 30-33, 36-38, 40-43, 47-52, 54, 60-61, 65-67, 73-81
c) Identifying and assessing adverse impacts	→ pp. 15-17
d) Taking actions to address those adverse impacts	→ pp. 24-25, 34, 38, 43, 55-56, 61-62, 71, 76-81, 83-92
e) Tracking the effectiveness of these efforts and communicating	→ pp. 6, 14, 23, 25-29, 35, 39, 43-45, 53, 57-59, 63-64, 71, 81, 83-92

collection, presentation, and aggregation of data by users, as well as to the auditing process. This means that there is a risk that companies will interpret certain requirements differently, leading to reports that are not standardized or comparable. To counter this risk, we are working closely with experts in the field of sustainability regulation and reporting, who themselves are working with the auditor to clarify key questions. We expect the level of certainty around the application of the new standards to increase in the coming years and this risk to become less significant.



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Incomplete, inconsistent, or erroneous data inputs pose a further risk. Since sustainability data covers a wide range of areas, the necessary raw data has to be collected from a variety of different systems. To monitor this, we use a special data tool for quantitative data that clearly defines the data requirements. Both entire subject areas and individual data points are assigned to a responsible individual and are subject to an approval process. A core sustainability team reviews the plausibility of the data being reported in collaboration with the relevant managers. If these reviews identify uncertainties in the data inputs or outputs, the first step is to resolve them. If this is not possible due to the nature of the available data, the existing uncertainties and their causes will be transparently disclosed in the report.

Business model, strategy, and value chain

Who we are and what we do

Waelzholz is one of the world's leading suppliers of high-quality cold-rolled and heat-treated steel strip and profiles. These encompass a comprehensive range of products – from non-tempered as well as hardened and tempered steel strip to special high-strength materials to flat wire products and stainless precision steel strip to high-performance electrical steel strip.

For almost 200 years, we have been continuously developing our expertise in the cold rolling and heat treatment of steel, enabling us to constantly expand our product range to include new applications. Our customers are primarily active in the automotive industry, the energy sector, the industrial goods industry, and medical technology.



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Overview of our products

PRODUCT GROUP	VERSION/CHARACTERISTICS	CUSTOMER BENEFIT
Cold-rolled steel strip	DC-grade steel, micro-alloyed steel, case-hardening steel, steels for hardening and tempering, spring steel or fine blanking grades: alloyed or as standard grades	For example, high dimensional tolerance, excellent formability, suitable for heat treatment, high elasticity, optimal combination of tensile strength and formability
Hardened and tempered steel strip	Martensite, bainite, sorbite	Hardness, homogeneity, spring properties, excellent resistance to wear, substitute for piece hardening
High strength steel strip	High-strength, micro-alloyed fine grain steel	Excellent resistance to wear combined with outstanding formability at the same time
Surface coated cold rolled steel strip	Case-hardened or DC-grade steel, coated with a phosphate layer	Implementation of complex, multi-stage forming operations, prolonged service life of the forming tools
Profiles	Over 250 different profile shapes made from cold-rolled steel strip or wire	Customized shapes, cross-sections optimized for customer products and processes
Electrical steel strip	NO grades, HS grades, CDW-PERM® grades, EN 10106, EN 10303, bonding varnish, fast-bonding varnishes or insulating varnishes	Thermal conductivity, low core losses, high magnetic polarization, high mechanical strength at high speeds, undisturbed magnetic flux due to the elimination of imperfections, improved insulation resistance
Flat wire products	Wide range of materials from spring steel strip to hardened and tempered steel strip	Prolonged service life thanks to a natural edge, high tensile strength, and bending uniformity
Stainless precision steel strip	Corrosion-resistant steel, upon request with special alloys	Resistance to corrosion, acid, and heat

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Locations and technology leadership

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

Waelzholz's strategy is built on innovation and technology leadership. In this context, we focus on developing customized solutions to meet our customers' individual requirements and drive transformation processes such as the mobility and energy transition. For example, our extremely thin electrical steel strip grades improve the efficiency of electric motors while also allowing for an extremely compact design. In wind turbines, on the other hand, our high-performance electrical steel strip is used in generators, as are our high-strength materials for clutches subject to extremely high loads.

Digitalization as a key factor in sustainability

We believe digitalization is a key factor driving innovation, which is why we were the first company in the industry to implement an internally developed and certified process for calculating the product carbon footprint (PCF) on a grade-by-grade basis, thereby allowing our customers to benefit from our

emission reduction efforts. As a result, we offer our customers a validated set of data and are paving the way to a transparent and more climate-friendly future.

We use our extensive expertise and innovative solutions to support our customers along the value chain in developing cutting-edge products.

Procurement

Our procurement activities essentially fall into four areas:

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

We choose all of our suppliers carefully. In doing so, we always ensure compliance with high standards of quality, respect for human rights, and environmental protection. For more information, see the section → **Management of relationships with our suppliers.**

We source our raw materials directly from crude steel manufacturers that have been certified, audited, and approved for certain material specifications according to a defined process. Deliveries are made on the basis



of contractually stipulated terms with fixed lead times. The hot-rolled steel strip is delivered in the form of coils, primarily by rail, from the steelworks to our German facilities, where it is further processed after initial testing.

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

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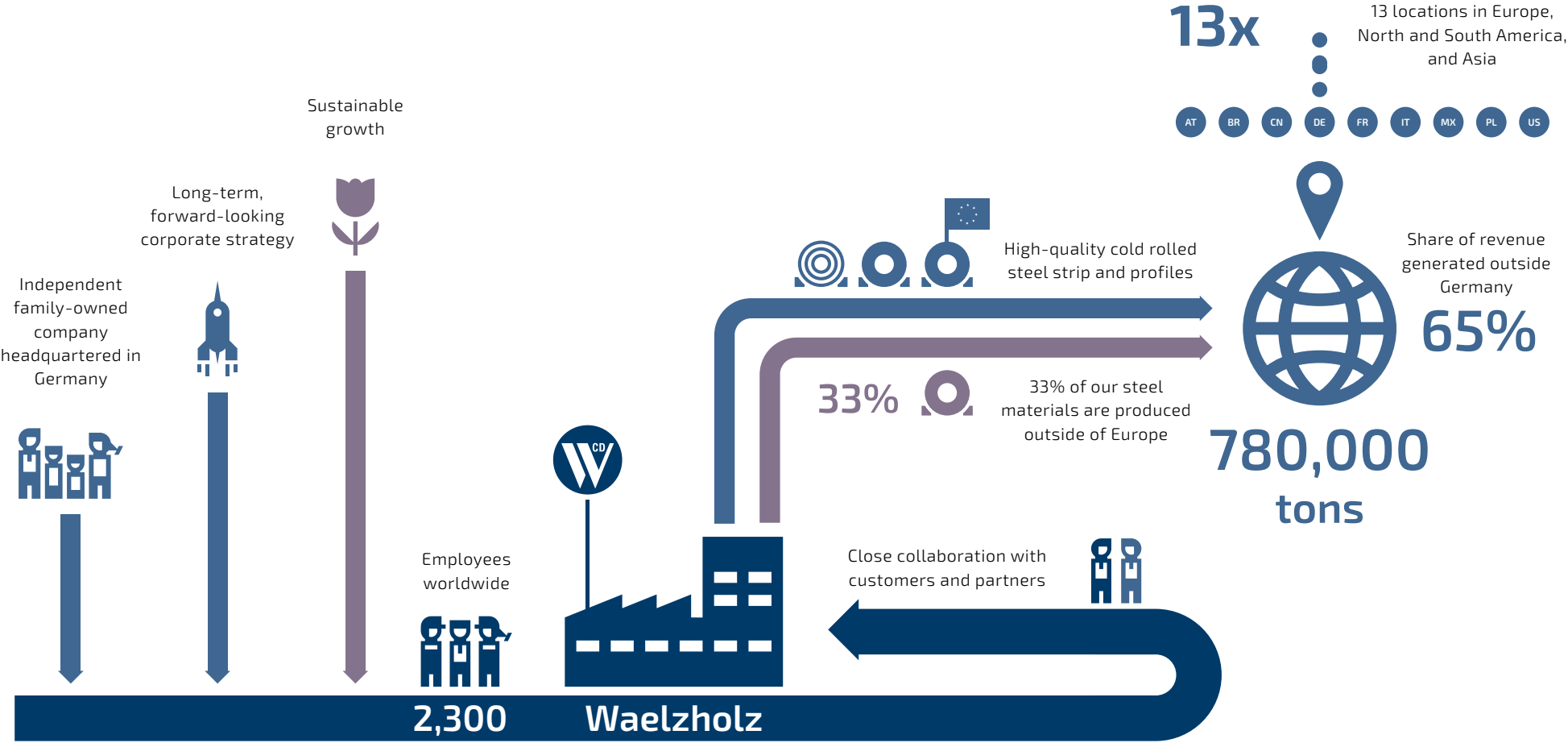
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Stakeholder interests and viewpoints

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

Table: Key stakeholders of the Waelzholz Group

KEY STAKEHOLDERS	MOST RELEVANT DIALOG FORMATS
Customers	Customer surveys, reports
Employees	Works Council, participation formats, complaints office
Suppliers	Reports
Financial partners	Reports, interviews
Trade associations	Lobbying activities
Universities and research institutions	Works Council, employee participation formats, complaints office
Executive Board and Supervisory Board (internal)	Executive Board, Supervisory Board, and committee meetings

Double materiality assessment

In 2024, we at Waelzholz finalized an ESRS-compliant (double) materiality assessment (DMA). In the process, we identified and evaluated impacts, risks, and opportunities (IROs). According to the ESRS, these IROs give rise to numerous reporting requirements, which are addressed in this sustainability report. The DMA process was divided into the consideration of impacts (inside-out) and financial materiality.

The materiality assessment began with a comprehensive analysis of our value chain. This was also subjected to a geographical mapping to examine whether Waelzholz is active in countries that are exposed to increased human rights or corruption risks, either directly or through the upstream and downstream value chain. The value chain was not limited to direct contractual relationships, but also included, for example, Tier 2 suppliers.

Identification of material topics

To identify relevant sustainability topics, we added industry-specific topics to the ESRS-relevant topics. This initially extremely extensive list of topics was discussed with two representatives of the Executive Board (Dr.-Ing. Heino Buddenberg and Holger Bierstedt), the relevant employees responsible, and external experts. The result was a list of prioritized topics that were considered material. This was in turn presented to the relevant employees and members of the Executive Board for final approval.

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Stakeholder engagement

The IROs were evaluated from an impact perspective as well as from a financial materiality perspective. If a topic was considered material from either of the two perspectives, it was included in the final list of material topics.

To engage relevant external and internal impact stakeholders in the materiality assessment process, we identified the following groups:

- Employees
- Customers (B2B)
- Suppliers
- Service providers
- Shareholders
- Public sector institutions

To engage relevant financial stakeholders in the materiality assessment process, interviews were conducted with one or more representatives each from an insurance company, a lending bank, the political sector, a nongovernmental organization (NGO), a government agency/public sector institution, and a trade association.

Conducting the assessments

For the impact assessment carried out using an online survey tool, all identified impacts were assigned to the following four categories:

- potential positive
- potential negative
- actual positive
- actual negative

The impacts were then assessed according to specific aspects. Actual positive impacts were evaluated according to their scale and scope, while actual negative impacts were evaluated according to their scale and scope as well as in terms of whether they could be reversed. In the case of potential impacts, the probability of occurrence was included in the assessment in addition to scale and scope. All aspects were rated on a Likert scale from 1 to 5.

The assessment was carried out exclusively by internal employees, including representatives of the Executive Board and specialists from various areas of the company such as Finance, Controlling, and Environmental Management. A consultant provided advice on the assessment, but did not actively participate. In addition, we ensured that all relevant background information was available, in particular on the value chain and the social metrics defined by the S1 standard.



The evaluation of the interviews with the financial stakeholders served as a key source for the creation of a list of potential risks and opportunities, which was further supplemented by the internal impact assessment and scientific databases such as Encore. The identified gross risks and opportunities were qualitatively assessed based on the probability of occurrence (from 1 = unlikely to 5 = frequent) and the potential financial impact (from A = insignificant to E = highly critical), resulting in a financial classification. The process was supported by a consultant, but the consultant did not actively participate in the process. The final assessment was carried out by the company's internal risk management team.

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Determination of the materiality threshold

A materiality threshold was set for both the impact assessment and the financial assessment. We defined the quantitative threshold level in accordance with the Pareto principle and an exclusion value of 20 percent, and validated it qualitatively. We deliberately refrained from setting a threshold in advance. This was intended to avoid the risk that all of the impacts (or even almost all) would fall below this predefined value.

Result

The results of the materiality assessment were validated by the Executive Board. No changes were necessary.

The main impacts, risks, and opportunities (IROs) are linked to the topics of sustainability. All IROs relevant to Waelzholz along the entire examined value chain, as well as other relevant details, are presented under the respective topics (see links in the table "Results of the materiality assessment").

Table: Results of the materiality assessment

MATERIAL TOPICS		Impact materiality	Financial materiality	Double materiality
ESRS E1: Climate change	pp. 19–29			
ESRS E2: Pollution	pp. 30–35			
ESRS E3: Water resources	pp. 36–39			
ESRS E4: Biodiversity and ecosystems				
ESRS E5: Resource use and circular economy	pp. 40–45			
ESRS S1: Own workforce	pp. 47–64			
ESRS S2: Workers in the value chain	pp. 65–71			
ESRS S3: Affected communities				
ESRS S4: Consumers and end-users				
ESRS G1: Business conduct	pp. 73–81			

Thresholds: ■ material ■ not material

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Climate change

As a company in the energy-intensive steel and metal processing industry, we are committed to complying with all applicable legal requirements and are working hard to improve our environmental performance and increase the energy efficiency of our company.



Introduction and description of the IROs

Our steel materials are already making a significant contribution to reducing and avoiding harmful greenhouse gas emissions and therefore to transformation. For example, our products in the fields of energy and mobility form the basis for the production of core components in wind turbines (electrical steel strip for generators) and electric vehicle drive systems (electrical steel strip for electric motors). Furthermore, our cold-rolled products can be used to replace materials that are responsible for higher emissions – in some cases with even better component properties.

As part of the materiality assessment → [see Double materiality assessment](#) we identified the impacts, risks, and opportunities (IROs) that are material to us in connection with climate change. The following table provides an overview of these IROs, their location in the value chain, and their time horizon.

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Overview of IROs: Climate change

IROs	CATEGORY				VALUE CHAIN			TIME HORIZON		
	++	--	+	-	▲	🌐	▼	🕒	🕒	🕒
IMPACTS (I)										
Energy consumption resulting from own production processes and along the entire value chain (with an impact on the climate)		--			✓	✓	✓	✓	✓	✓
Contribution to climate change as a result of the company's own Scope 1–3 greenhouse gas emissions (at its own sites and throughout the entire value chain)		--			✓	✓	✓	✓	✓	✓
Poorer infiltration during extreme weather events (e.g., heavy rains) due to surface sealing when building new company premises			-			✓			✓	✓
Products (including intermediates) that make a positive contribution to reducing carbon emissions, generating renewable energy and/or adapting to climate change in the downstream value chain			+				✓	✓	✓	✓
RISKS (R)										
Lower credit rating					✓	✓	✓		✓	
Business losses due to failure to meet customer requirements					✓	✓	✓			✓
Rising carbon prices					✓	✓	✓			✓
Risk to the organization's assets due to climate change						✓		✓		
Interruption of business processes including the value chain					✓	✓	✓		✓	
Rising energy costs/prices					✓	✓			✓	
OPPORTUNITIES (O)										
Competitive advantages and customer loyalty in transformation sectors and/or in market segments related to climate change adaptation						✓			✓	
Increased credit rating						✓			✓	

upstream ▲ own operations 🌐 downstream ▼ <1 year 🕒 1–5 years 🕒 >5 years 🕒 actual positive ++ actual negative -- potential positive + potential negative -

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IMPACTS (I)

Energy consumption resulting from own production processes and along the entire value chain (with an impact on the climate):

The energy consumed in our production processes, in particular through the combustion of natural gas, has a negative impact on the environment, as large amounts of greenhouse gases are released in the process. This effect extends to the entire value chain, since considerable energy is also required in upstream and downstream production processes. These environmental impacts are inherent to our business model, as energy use is directly linked to the production of cold-rolled and heat-treated steel strip and profiles.

Contribution to climate change as a result of the company's own Scope 1–3 greenhouse gas emissions (at its own sites and throughout the entire value chain):

Our production processes and business activities result in significant Scope 1–3 greenhouse gas (GHG) emissions. In this context, over 90 percent of our emissions are from Scope 3, in particular

from activities in the upstream value chain. Our greenhouse gas emissions are directly linked to our business model, as they result from the production of cold-rolled and heat-treated steel strip and profiles.

Poorer infiltration during extreme weather events (e.g., heavy rains) due to surface sealing when building new company premises:

Sealing surfaces when building new company premises can hinder the natural infiltration of water during extreme weather events such as heavy rainfall. This can lead to flooding and an increased risk of flooding, endangering both people and the environment. This is connected to our business model in that surface sealing is necessary to enable the production of cold-rolled and heat-treated steel strip and profiles.

Products (including intermediates) that make a positive contribution to reducing carbon emissions, generating renewable energy and/or adapting to climate change in the downstream value chain:

Our steel materials help reduce carbon emissions and promote the use of renewable energy sources by being used in key components for wind turbines and electric motors, among other things. Replacing

materials associated with higher emissions and improving energy efficiency during processing has a positive impact on the environment. This impact is part of our business strategy and is evident in the downstream value chain, where our products help to adapt to climate change.

RISKS (R)

Lower credit rating:

This risk arises from high greenhouse gas emissions, which in turn can lead to less favorable lending terms. The likelihood of this occurring depends on the level of greenhouse gas reductions achieved and the extent to which financial institutions will take this criterion and the different industry-specific carbon footprints into account in their future lending policies.

Should the European markets also experience a downturn due to their isolation from the global markets, there is a risk of the company shrinking. Shrinking companies usually have a problem generating profits and are therefore not considered a worthwhile investment target by financing institutions.

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Business losses due to a failure to meet customer requirements:

The risk of business losses arises if the company does not meet increasing customer demands for low carbon emissions (e.g., based on SBTi) and corresponding transparency (e.g., by using relevant reporting platforms). This risk is dependent on increasing environmental awareness among consumers and business partners, who expect sustainable products and transparent communication on environmental aspects.

Rising carbon prices:

Rising carbon prices have the potential to increase production costs, as manufacturing our products is extremely carbon-intensive and may result in significant expenses for emission allowances. At the international level, this can lead to a competitive disadvantage compared to companies from countries without carbon pricing, as they can produce and export steel products more cheaply. Over the long term, the company would need to make significant investments in lower-emission technologies in order to remain competitive and meet regulatory requirements.

Risk to the organization's assets due to climate change:

This risk arises from extreme weather events such as floods, storms, and heat waves, as well as

longer-term changes to the climate such as rising sea levels and temperature changes, which can cause damage to buildings (including production facilities), equipment, and data centers.

Interruption of business processes including the value chain:

This risk arises from extreme weather events that can impact critical processes or services (in some cases severely), including those of third-party providers.

Rising energy costs/prices:

The risk of an increase in energy costs associated with the forms of energy relevant to Waelzholz – electricity and natural gas – arises from international market mechanisms. These are particularly based on demand and consumption, growing global energy needs, a lack of infrastructure, and geopolitical conflicts and interests.

OPPORTUNITIES (O)

Competitive advantages and customer loyalty in transformation sectors and/or in market segments related to climate change adaptation:

By entering key market segments in the transforming sectors of energy and mobility, as well as in the climate adaptation sector, Waelzholz has the opportunity to achieve competitive advantages and build

long-term customer loyalty. Our leading position in these future markets enables us to actively drive the transformation of these industries forward. Capitalizing on these opportunities depends on our ability to offer sustainable solutions that meet the challenges of climate change and create close relationships with customers in these future markets. We want to further strengthen these relationships by being the first company in the industry to implement a certified system for delivering net-zero green steel to our customers.

Increased credit rating:

Waelzholz has the opportunity to improve its credit rating by successfully reducing its greenhouse gas emissions (Scope 1–3). Gaining these financial benefits depends on the effectiveness of the company's efforts to reduce emissions, their cost-effectiveness, and the legal framework in an international comparison, as well as on a positive assessment by lending institutions.

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Transition plan for climate change mitigation

Climate roadmap: on the road to climate neutrality by 2045

We already integrated our detailed climate roadmap – in which we define specific emissions reduction targets for selected sites in order to achieve climate neutrality by 2045 – into our ESG strategy in 2022/23 fiscal year (FY). As interim targets, we are aiming for the following reductions by FY 2030/31:

- Corporate carbon footprint (CCF) by 30 percent CO₂e
- Product carbon footprint (PCF) in Scopes 1 and 2 by 45 percent, down to 79 kg CO₂e/t
- PCF in Scope 3 by 30 percent, from 2,602 to 1,821 kg CO₂e/t

In line with European steelmakers' roadmaps and the sustainability targets adopted by our key customers, we have set ourselves the goal of reducing our carbon footprint by 30 percent by 2030 in Germany and achieving CO₂e neutrality in Europe by 2045. We are therefore working very closely with these crude steel suppliers and have also already signed memorandums of understanding and partnership agreements to ensure that deliveries start as soon as possible. In Brazil, we aim to be carbon neutral by 2050.



CO₂e avoidance consultation

We offer our customers comprehensive advice on avoiding CO₂e emissions. This is based on our validated PCF, which takes individual account of the materials used and the various process and finishing

steps. With our digital, fully automated PCF system, we can work with customers to create a detailed agreement that reduces their CO₂e footprint in line with their own objectives.

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In addition, our advice may reveal that an alternative material we recommend initially has a larger carbon footprint in our production compared to the traditionally used grade, but enables lower emissions overall when taking into account the customer's own manufacturing processes. Hardened and tempered materials are one such example. Although they have higher carbon emissions values than materials that have not been hardened and tempered, they save our customers energy during further processing – in particular by eliminating the need for energy-intensive piece hardening.

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

Our policies

Energy and environmental policy

The Waelzholz Group's energy and environmental policy promotes the economical use of energy and natural resources. In line with our ESG strategy, our overarching goal is to ensure that all processes at all locations – from procurement to production

to sales – are structured in a way that conserves resources, uses energy efficiently, and minimizes negative environmental impacts.

This policy is implemented in accordance with international standards such as ISO 50001 and ISO 14001, to which almost 90 percent of our manufacturing sites are certified. The ISO certifications also serve to monitor the aforementioned policy. This ensures that all parties involved pursue an agenda aimed at reducing energy consumption, and review and update this at least annually. In this context, new topics are added and implemented actions and achieved targets are deleted.

Our energy and environmental policy affects both our own business activities and the entire upstream value chain (Scope 1–3). Each location has its own employees who are responsible for implementing the policy.

Stakeholders are actively involved in all steps relevant to the policy. The stakeholders, who include customers, government agencies and certification bodies, can access the policy via our website. In addition, we hold talks with customers and suppliers and provide our employees with internal training, notices, and information via the company intranet.

Our actions

Continuous improvement processes to reduce greenhouse gas emissions

In line with our energy and environmental policy, we are implementing numerous initiatives to reduce greenhouse gases. In doing so, we continuously evaluate and initiate new actions as part of the continuous improvement process (CIP) according to ISO 50001.

In this context, the effectiveness of an action is typically reviewed or assessed over a monitoring period of one year following its implementation. If it is not possible to directly measure effectiveness, we fall back on auxiliary calculations and estimates.

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

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One key action is the increasing procurement of green electricity since the 2021/22 fiscal year (FY), which the company plans to increase to 100 percent of the electricity it consumes by 2030. In this context, we focus on long-term relationships with our local energy suppliers and only use electricity with qualified guarantees of origin. To achieve this goal, we measure our electricity and gas consumption and the corresponding reduction compared to the previous year.

Further actions include the use of solar power systems, the use of LED lighting in our production halls and warehouses, and the use of heat recovery systems connected to our heat treatment equipment. Overall, we reduced our electricity and gas consumption by 5.1 GWh in FY 2023/24. We are currently implementing a further reduction of 2.9 GWh by FY 2025/26. Please note that we do not distinguish between Scope 1 and Scope 2 when reporting this data.

Our targets

As part of our sustainability strategy, we have defined ambitious targets under the topic of climate change in order to significantly reduce our carbon emissions in the coming years. In accordance with our climate

roadmap (→ [see E1-1](#)), we are aiming to achieve climate neutrality across our European sites by 2045 (Brazil: 2050). The available decarbonization mechanisms include:

Efficiency increases:

- Gas savings (Scope 1)
- Electricity savings (Scope 2)

Substitution:

- Use of green hydrogen instead of gas where financially viable (Scope 1)
- Electrification, where financially viable, and procurement of electricity from renewable energy sources (Scope 2)

Our goal of replacing our natural gas consumption with electricity use would, over the long term, more than double our current electricity demand, thereby obscuring the impact of previous electricity-saving efforts. On the other hand, the electrification of production steps can save additional amounts of energy by reducing process losses.

We are striving to reduce our CO₂e emissions as part of our corporate carbon footprint (CCF) by 30 percent by the 2030/31 fiscal year compared to the baseline year 2018/19. With regard to our product carbon footprint (PCF), we are pursuing the goal of



reducing our relative CO₂e emissions in Scopes 1 and 2 by 45 percent to 79 kg CO₂e per ton of sales by the 2030/31 fiscal year (baseline year 2018/19: 144 kg CO₂e/t of sales). With regard to Scope 3, we are aiming for a 30 percent reduction to 1,821 kg CO₂e per ton of sales over the same period (baseline year 2018/19: 2,602 kg CO₂e/t sales). These targets are based on the assumptions that our customers will be willing to pay for more sustainable products and that the appropriate raw materials and sufficient green energy will be available.

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At our Brazilian site, we aim to reduce electricity consumption per ton produced by 0.5 percent by December 2024 compared to the baseline figure for 2023. In addition, we are pursuing the goal of reducing gas consumption per ton produced by 1 percent over the same period. At our Chinese site, we want to achieve cumulative energy savings of 3 percent in nonproduction areas by the end of the 2025/26 fiscal year (compared to the baseline year 2020/21). This corresponds to absolute savings of 283 MWh by the end of the aforementioned period. The baseline value in the baseline year 2020/21 was 1,956 MWh.

Metrics

Energy consumption and energy mix

Waelzholz's total energy consumption in 2023/24 fiscal year (FY) stood at 476 GWh. The majority of our energy consumption is attributable to the combustion of natural gas, which is mainly used in our production processes. Natural gas consumption in FY 2023/24 totaled 309 GWh. In line with our climate roadmap, we are working to gradually replace the consumption of fossil fuels with energy from renewable sources. Fossil fuels currently account for 72 percent of our energy consumption. In contrast, renewable energy sources account for 28 percent.

In the 2023/24 reporting year, Waelzholz generated 547 MWh from renewable energy sources – in the form of renewable solar power from a company-owned photovoltaic system in Hagen, Germany – which were fed one hundred percent into the public electricity grid.

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Table: Energy consumption and energy mix in the 2023/24 fiscal year (FY) in MWh and %¹

	GERMANY	BRAZIL	CHINA	TOTAL
Fuel consumption from coal and coal products (MWh)	0	0	0	0
Fuel consumption from crude oil and petroleum products (MWh)	5,264	2	307	5,573
Fuel consumption from natural gas (MWh)	245,289	38,954	25,038	309,281
Fuel consumption from other fossil fuel sources (MWh)	110	0	0	110
Consumption from purchased or received electricity, heat, steam, and cooling from fossil fuel sources (MWh)	4,981	2,953	20,069	28,003
Total fossil fuel consumption (MWh) (sum of lines 1 to 5)	255,644	41,909	45,414	342,967
Share of fossil fuels in total energy consumption	70%	63%	100%	72%
Fuel consumption from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (in MWh)	0	0	0	0
Consumption from purchased or received electricity, heat, steam, and cooling from renewable sources (MWh)	108,900	24,386	0	133,286
Consumption of internally generated renewable energy, other than fuel (in MWh)	0	0	0	0
Total renewable energy consumption (in MWh) (sum of lines 8 to 10)	108,900	24,386	0	133,286
Share of renewable sources in total energy consumption	30%	37%	0%	28%
Total energy consumption (in MWh) (sum of lines 6 and 11)	364,544	66,295	45,414	476,253

¹ The data used to calculate our energy consumption is rounded and is taken from the annual energy management report, which is published at the end of each year. The current version, which was available at the time of preparing this report, covers FY 2023/24. In addition, the data for Germany is limited by the boundaries of our internal energy management system and therefore only includes the German factories North, South, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede. The conversion factors are either dictated by the laws of physics (e.g., MWh to MJ) or are taken from the official data published by the Germany's Federal Office for Economic Affairs and Export Control (abbreviated BAFA in German). The exact calorific values specified on the energy suppliers' invoices were used for the conversion of natural gas figures.

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Gross Scope 1–3 GHG emissions and total GHG emissions

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

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

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

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

Table: Corporate carbon footprint (CCF)

CO ₂ e emissions (in t) ¹	2022/23	2021/22	2018/19 (BASELINE YEAR)
Scope 1	49,975	56,794	61,617
Scope 2 (location-based)	52,221	57,222	63,463
Scope 2 (market-based) ²	16,578	23,886	37,504
Scope 3 ³	1,254,556	1,372,681	1,353,759
Total ⁴ (location-based)	1,356,752	1,486,697	1,478,839
Total ⁴ (market-based)	1,321,110	1,453,361	1,452,880

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

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

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

⁴ The CCF takes into account data for the production of cold-rolled steel strip, profiles, and electrical steel strip at all German factories (North, South, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede) as well as the supporting corporate functions of C.D. Wälzholz GmbH & Co. KG at the company's headquarters in Hagen, Germany.

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Greenhouse gas intensity at the product level fell slightly compared to the previous year, but at 2.772 tons of CO₂e per ton produced, it remains slightly above the baseline year (BY) value. This is due to the product mix.

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

Greenhouse gas removal and greenhouse gas mitigation projects financed through carbon credits
We do not carry out projects to reduce or mitigate greenhouse gases that are financed by means of emission allowances. In this context, we would like to note that we are actively monitoring activities at the federal and state level in relation to carbon management in the form of carbon capture and storage (CSU) and carbon capture and utilization (CCU), and may consider corresponding financial options at a later date. With regard to our value chain, we currently assume that efforts to achieve carbon emissions reduction targets in the value chain are being implemented in a lawful manner, but we are not actively monitoring this at the moment.

Anticipated financial effects from material physical and transitional risks and potential climate-related opportunities
We plan to report on expected climate-related financial impacts in future sustainability reports, taking into account the available options to defer the disclosure of this data.

Table: Greenhouse gas intensity (PCF)

CO ₂ e emissions (in t)/production quantity (in t) ¹	2021/22	2020/21	2018/19 (BASELINE YEAR)
Scope 1	0.093	0.095	0.088
Scope 2 (location-based)	0.070	0.082	0.090
Scope 2 (market-based) ²	0.042	0.050	0.055
Scope 3 ³	2.637	2.628	2.602
Total⁴ (location-based)	2.800	2.805	2.780
Total⁴ (market-based)	2.772	2.773	2.745

¹ The latest publications from the German Environment Agency (UBA), the German Association of Energy and Water Industries (BDEW), ecocockpit and EcoTransIT, as well as information from our suppliers, were used as the sources for the emission factors.
² Market-based figures are calculated on the basis of specific information provided by our energy suppliers.
³ Scope 3 emissions comprise the following categories in accordance with the cradle-to-gate approach and the principle of materiality: purchased goods and services, upstream transportation (only for PCF), and sales.
The emissions figures and factors come from our raw material suppliers and the World Steel Association.
⁴ The PCF takes into account data for the production of cold-rolled steel strip, profiles, and electrical steel strip at all German factories (North, South, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede) as well as the supporting corporate functions of C.D. Wälzholz GmbH & Co. KG at the company's headquarters in Hagen, Germany. Greenhouse gas intensity was calculated on the basis of Scope 1–3 emissions.

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Pollution

Taking environmental protection into account has always been a key component of our quality standards here at Waelzholz. The focus in this context is primarily on reducing air pollution caused by our production processes and promoting and using low-emission production technologies.



Introduction and description of the IROs

As part of the materiality assessment → **Double materiality assessment** Waelzholz identified the impacts, risks, and opportunities (IROs) that are material to the company in connection with pollution. The following table provides an overview of these IROs, their location in the value chain, and their time horizon.

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Overview of IROs: Pollution

IROs	CATEGORY				VALUE CHAIN			TIME HORIZON		
	++	--	+	-	▲	🔄	▼	🕒	🕒	🕒
IMPACTS (I)										
Air pollution caused by the emission of particulate matter and exhaust gases during our own production processes and/or along the upstream and/or downstream value chain		-			✓	✓	✓	✓	✓	
Soil contamination by pollutants in the upstream and/or downstream value chain		-			✓	✓		✓	✓	
Water pollution from pollutants used during our own production processes or used in the upstream and/or downstream value chain		-			✓	✓		✓	✓	
Environmental impact due to incorrect disposal of hazardous substances (e.g., waste acid, waste emulsion) generated at our own sites during the manufacture of our products		-				✓		✓	✓	✓

upstream ▲ own operations 🔄 downstream ▼ <1 year 🕒 1–5 years 🕒 >5 years 🕒 actual positive ++ actual negative -- potential positive + potential negative -

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IMPACTS (I)

Air pollution caused by the emission of particulate matter and exhaust gases during our own production processes and/or along the upstream and/or downstream value chain:

The air pollution caused by the emission of particulate matter and gases such as carbon monoxide (CO), nitrogen dioxide (NO₂), and sulfur dioxide (SO₂) in our production processes has potentially negative effects on the environment and human health. These emissions are directly related to the production of cold-rolled and heat-treated steel strip and profiles and occur both in our own activities and in the upstream and downstream value chain.

Soil contamination by pollutants in the upstream value chain:

Soil contamination by pollutants can occur in the upstream value chain, in particular through the release of dust and metal oxides, as well as by-products such as slag that contain toxic heavy metals. These pollutants can accumulate on the soil and contribute to contamination, which can have negative effects on the environment and potentially also on human health. This soil pollution is directly linked to the production of steel in the upstream value chain.

Water pollution from pollutants used during our own production processes or used in the upstream and/or downstream value chain:

Water pollution from contaminants used in our production processes can have a potentially negative impact on the environment if contaminated wastewater is discharged into sewer systems and receiving waters. This water pollution is directly linked to the production of cold-rolled and heat-treated steel strip and profiles, as well as to the entire value chain.

Environmental impact due to incorrect disposal of hazardous substances (e.g., used acid, used emulsion) generated at our own sites during the manufacture of our products:

The unlikely event of improper disposal of hazardous substances such as used acid, used emulsion, lead dross, and phosphate sludge, could theoretically occur as a result of our production processes and cause serious environmental damage. Since the aforementioned waste materials are closely linked to the production of cold-rolled and heat-treated steel strip and profiles, the impact is directly related to our operational activities.

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Our policies

International standards and sustainable practices

When it comes to reducing pollution, we base our activities on national and international standards and legal requirements, which we regard as a matter of course. In addition, we actively help define these standards as part of professional organizations such as CIELFFA (European Federation of the National Associations of Cold Rolled Narrow Steel Strip Producers and Companies) and implement them in a targeted manner. For example, thermal afterburning to neutralize air pollutants or the postponement of construction projects to protect rare animal species are both a matter of course for us.

Such processes are complemented by our structured environmental and energy management system, which was developed and certified in accordance with the requirements of ISO 14001 and ISO 50001. The Waelzholz Group's environmental management officer is responsible for ensuring that we maintain an environmental management system that meets the requirements of ISO 14001. In addition, all our employees are required to observe and comply with the legal requirements and other binding obligations related to environmental protection, occupational safety, and our energy aspects.

Our environmental management officer identifies potential and actual environmental problems, proposes improvement actions, and monitors their implementation. All of this is reported to the Executive Board. Further information can be found in → [Transition plan for climate change mitigation](#).

Integrated management policy

At our Brazilian location, we implemented an integrated management policy that aims to prevent pollution and promote the sustainable use of resources. The policy, which is mandatory for ISO certification, covers the areas of air, soil, and water. Implementation is monitored via regular assessment meetings and is the responsibility of local directors and IMS managers, supported by the IMS team, which implements the policy in the departments.

Internal stakeholders such as employees were involved in the development of the policy through their participation in the IMS team or their status as directors. The policy is communicated to employees via the company's internal intranet platform and via notices posted around the premises. It is publicly available to external stakeholders on our website.



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Our actions

Cradle-to-gate analysis

In the 2023/24 fiscal year, we continued an ongoing data collection process that helps us track and evaluate relevant environmental indicators such as air pollutant emissions (NO_x emissions), ecotoxicity (water discharge), ecosystem quality, and corresponding impact assessments regarding product life cycles – from raw material extraction to our finished goods warehouse (i.e., cradle-to-gate). Collecting the data and calculating the figures using the equally important cradle-to-gate approach has not yet begun. In the case of the semi-finished products we supply, these are only short-lived economic goods without their own life cycle. Only the customer products made from our materials have a life cycle.

Audit reports for ISO 14001 certification

Based on the results published in the annual audit reports from the audits of our environmental and energy management systems, we define specific opportunities for improvement in areas such as air and soil pollution and the handling of hazardous substances (chemical management). We then draw

up appropriate actions on the basis of these defined areas with improvement potential.

Our customers have not yet conducted any audits of our environmental or energy management system. The last recertification audit of the environmental management system in accordance with ISO 14001 was carried out by LRQA in the fall of 2024. This revealed three minor deviations, the causes of which have already been analyzed. We have since developed the necessary corrective actions, which will be implemented shortly.

Measuring and monitoring air emissions

We are subject to the relevant statutory permitting requirements and the associated measurement and reporting obligations at all of our sites, which we duly comply with. In order to comprehensively track the air emissions at our Brazilian site as well, we have drawn up a corresponding monitoring plan. This action stipulates that all emission sources be identified and assessed, and that a schedule be set for regular analyses. The goal is to identify which substances are released into the air on our premises and in what quantities. In this way, we aim to avoid air pollution

at an early stage and gradually reduce potentially harmful materials and compounds in order to minimize negative environmental impacts. The action will be continuously monitored and evaluated.

Measuring and monitoring wastewater emissions

We also comply with the measuring and reporting requirements imposed on us by applicable statutory permitting laws at our sites with regard to wastewater emissions. In Brazil, a plan for monitoring wastewater emissions was successfully implemented in the reporting year. In addition to daily wastewater analyses carried out by our internal laboratories, a full analysis of the wastewater is also regularly performed by external laboratories and submitted to the environmental authorities of the state of São Paulo (CETESB) in accordance with the applicable Brazilian regulation (Article 19A – Decree 8.468 of 8 September 1976). Wastewater emissions will continue to be monitored annually to ensure that we are accurately tracking the substances released and the quantities involved. Our goal is to avoid water pollution and to gradually reduce the use of harmful materials.

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Our targets

Reduce our environmental footprint

The actions described in → E2-2 are part of our systematic efforts to minimize and reduce the environmental footprint of our business activities.

Metrics

Pollution of air, water and soil

In addition to CO₂, we also emit other substances into the air during our production processes. This primarily includes carbon monoxide (CO), nitrogen dioxide (NO₂), sulfur dioxide (SO₂), dust, organic substances (indicated as C), hydrogen chloride (HCl), and nickel (Ni). Compared to 2022/23 fiscal year (FY), emissions have decreased significantly in every area. Only dust has increased slightly. Emissions of the exhaust gas NO₂ accounted for the largest share, at 89,901 kilograms. In contrast, nickel emissions stood significantly lower (6 kilograms).

Table: Emissions into the air ¹

TOTAL MAX ²	CO	NO ₂	SO ₂	DUST	ORGANIC SUBSTANCES	HCl	Ni
					AS TOTAL C		
Unit	kg	kg	kg	kg	kg	kg	kg
2022/23	6,866	98,031	2,311	3,136	20,758	1,586	6
2023/24	5,762	89,901	1,983	3,446	6,805 ³	1,606	6

¹ The figures for emissions into the air encompass the German factories North, South, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.
² Extrapolated value based on exhaust gas volume or the permitted maximum values for the period the plant is in use.
³ Due to the fire damage at the Wickede factory and the resulting outage of the cold rolling mill and oscillator, the total C quantity is significantly lower than in the previous year.

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Water resources

Water plays a vital role in our production processes and is one of the most valuable natural resources. Since water is becoming increasingly scarce in Germany due to climate change and increasing use, at Waelzholz we make it a priority to use this resource sparingly.



Introduction and description of the IROs

As part of the materiality assessment → [see Double materiality assessment](#) Waelzholz identified the impacts, risks, and opportunities (IROs) that are material to the company in connection with water resources. The following table provides an overview of these IROs, their location in the value chain, and their time horizon.

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Overview of IROs: Water resources

IROs	CATEGORY				VALUE CHAIN			TIME HORIZON		
	++	--	+	-	▲	🔄	▼	🕒	🕒	🕒
IMPACTS (I)										
Water consumption in the upstream and/or downstream value chain and/or at company sites and in production processes		--			✓	✓	✓	✓	✓	

upstream ▲ own operations 🔄 downstream ▼ <1 year 🕒 1–5 years 🕒 >5 years 🕒 actual positive ++ actual negative -- potential positive + potential negative -

IMPACTS (I)

Water consumption in the upstream and/or downstream value chain and/or at company sites and in production processes:

Water usage in our production processes and in the upstream and downstream value chain has a

negative impact on the environment because it leads to increased water consumption and possibly to the pollution of water resources. Since water consumption is necessary for the production of cold-rolled and heat-treated steel strip and profiles, this impact is directly related to our business strategy and operations.

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Our policies 📄

At our German sites, it is a matter of course that we comply with the strict laws and official regulations in the interests of adequate water management. These include Germany's Federal Water Resources Management Act (abbreviated WHG in German), the German Regulation on Facilities for Handling Substances Hazardous to Water (abbreviated AwSV in German), and the German Wastewater Ordinance (abbreviated AbwV in German), among others.

Integrated management policy

At Waelzholz's Brazilian location, we implemented an internal management policy to prevent pollution and promote the sustainable use of resources. In addition to air and soil, this policy also covers water. For more information, see the section → **Our policies** related to the topic of pollution.

Our actions 📅

Improvement potential

We continuously define specific opportunities for improvement in various CIP teams and on the basis of the results of the annual ISO 14001 audit reports on the environmental and energy management system. On the basis of these, we derive appropriate actions

that should, among other positive effects, lead to a reduction in our water consumption, our fresh water withdrawal, and the necessary water treatment. In addition, our water management activities ensure that we operate in full compliance with all regulatory requirements.

Accordingly, no environmental incidents involving water-polluting substances occurred in the 2023/24 fiscal year (FY).

Water consumption monitoring

We are subject to the relevant statutory permitting requirements and the associated measurement and reporting obligations at all of our sites, which we duly comply with.

In FY 2023/24, we also introduced a corresponding monitoring system at our Brazilian site to ensure that water is consumed efficiently. This encompasses tracking daily water consumption in production and by the workforce, and the associated reporting. Monitoring is set up as an ongoing process to ensure that water consumption is optimized over the long term and that resources are used sustainably.

Reducing water consumption

At our site in Halden, Germany, we converted a cooling system from water to air cooling during



the reporting period and were able to reduce the expected water consumption and the corresponding amount of wastewater from 5,300 to 100 m³.

Another action to reduce water consumption is reusing water in industrial processes at the site in Brazil. This is carried out in the pickling and industrial furnace areas and the associated wastewater treatment stations, and is partially done in a closed water circuit. This action was implemented for the first time in the reporting year and will now be continued on an ongoing basis.

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Our targets

Our overarching objective is to reduce the company's water consumption. We also want to reduce the amount of fresh water we withdraw and continuously improve our wastewater management by optimizing the automated tracking and monitoring of water and wastewater volumes. To achieve this, we identify improvement potential related to water consumption and freshwater withdrawal, as outlined in → E3-2.

Metrics

Water consumption

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

Water and wastewater balance

At Waelzholz, key water metrics are collected per calendar year (CY) and are currently available for 2023. Compared to 2022, the absolute quantity of water pumped from our own wells increased slightly, while the absolute quantity of water drawn from the municipal supply and the total quantity of water used both decreased. Specific water consumption per ton of production output increased year over year and, at 0.91 m³/t, is in line with the average of previous years. Our direct and indirect wastewater volumes decreased slightly, while the specific wastewater volume per ton of production output increased compared to the previous year.

Water discharge

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

Table: Key water and wastewater metrics ¹

	UNIT	CY 2023	CY 2022	CY 2021
Raw water use (own withdrawal)	m³	261,102	257,673	267,215
Municipal water use	m³	194,660	209,451	208,026
Total water use	m³	455,762	467,124	475,241
Water/production volume	m³/t	0.91	0.87	0.93
Wastewater, direct	m³	198,601	201,785	210,748
Wastewater, indirect	m³	134,974	144,399	146,449
Total wastewater	m³	333,575	346,184	357,197
Wastewater/production quantity	m³/t	0.67	0.65	0.70

¹ Water consumption figures encompass the German factories North, South, Kabel, Halden, Hohenlimburg, Oberkochen and Plettenberg. At the Wickede site, Waelzholz is only a registered tenant and not the official water discharger.

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Resource use and circular economy

At Waelzholz, our aim is to structure all production and administrative processes in such a way that resources are conserved, used efficiently, and kept circulating within material cycles. In addition, we aim to minimize the environmental impact caused by our use of resources and the corresponding amount of waste generated.



Introduction and description of the IROs

As part of the materiality assessment → [see Double materiality assessment](#) Waelzholz identified the impacts, risks, and opportunities (IROs) that are material to the company in connection with the topic of resource use and circular economy. The following table provides an overview of these IROs, their location in the value chain, and their time horizon.

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Overview of IROs: Resource use and circular economy

IROs	CATEGORY				VALUE CHAIN			TIME HORIZON		
	++	--	+	-	▲	🔄	▼	🕒	🕒	🕒
IMPACTS (I)										
Conservation of resources through closed material cycles and high recycling rates	++				✓	✓	✓	✓	✓	✓
(High) consumption of resources, particularly in the context of production (including the entire value chain) and/or infrastructure measures such as expanding existing company locations and building new locations	--					✓		✓	✓	✓
Waste generated by our own production processes and/or along the upstream and/or downstream value chain	--				✓	✓	✓	✓	✓	✓
RISKS (R)										
Increasing purchase prices and resource scarcity					✓				✓	
OPPORTUNITIES (O)										
Cost savings as a result of efficient resource use						✓		✓		

upstream ▲ own operations 🔄 downstream ▼ <1 year 🕒 1–5 years 🕒 >5 years 🕒 actual positive ++ actual negative -- potential positive + potential negative -

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IMPACTS (I)

Conservation of resources through closed material cycles and high recycling rates:

The conservation of resources through closed material cycles and high recycling rates in our own production (steel, as a material, can be reused as often as desired, unlike, for example, plastics, where there are significant downcycling effects) as well as in the upstream and downstream value chain makes it possible to use raw materials more efficiently, minimize waste, and reduce the environmental impact of production. This not only reduces energy consumption and the corresponding costs, but also improves the company's environmental footprint, which is increasingly important to customers and other stakeholders. At the same time, it helps to ensure that the company complies with regulatory requirements and conserves natural resources over the long term.

(High) consumption of resources, particularly in the context of production (including the entire value chain) and/or infrastructure measures such as expanding existing company locations and building new locations:

Packaging materials are the main consumables used in production. Wooden pallets account for the largest share in this regard. When expanding existing

company sites or building new ones, resources are consumed through the use of various building materials (concrete, steel, glass, wood, insulation materials, electrical and plumbing installations, paints, etc.). This consumption of resources negatively impacts the environment, as the extraction and processing of these raw materials can contribute to deforestation, the depletion of natural resources, and the emission of greenhouse gases. This consumption of resources is necessary, however, to ensure that the company can manufacture its cold-rolled and heat-treated steel strip and profiles, and is therefore directly related to our business model.

Waste generated by our own production processes and/or along the upstream and/or downstream value chain:

The waste generated from our production processes, including scrap, used acid, used emulsion, lead dross and phosphate sludge, has a negative impact on the environment, as this waste can be harmful to the environment and lead to the contamination of soil and water. Similar types of waste such as chemical waste and slag are also produced in the upstream and downstream value chain. This waste is closely linked to the production of cold-rolled and heat-treated steel strip and profiles and is therefore inherent to our business model.

RISKS (R)

Increasing purchase prices and resource scarcity:

Increased spending on intermediates, raw materials, and building materials would cause our production costs to rise significantly. This risk depends on factors such as the global availability of resources, fluctuations in market prices, and geopolitical events that could affect supply chains. Resource scarcity and price volatility could therefore affect the profitability of our business model.

OPPORTUNITIES (O)

Cost savings as a result of efficient resource use:

Optimized production processes and closed material cycles can lead to lower raw material and waste disposal costs as well as increased productivity. The latter depends on the implementation of sustainable business practices, technological innovations, and the continuous improvement of resource efficiency, which also increases our competitiveness.

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Our policies 📄

Waste regulations

The waste generated in our production facilities is regularly inspected and properly separated in accordance with the requirements of the Germany's List of Waste Ordinance (abbreviated AVV in German). All waste streams – with the exception of scrap – are tracked using the digital waste recordkeeping procedure (abbreviated eANV in German). Hazardous waste is disposed of in accordance with the terms of Annex 1 of Germany's Circular Economy Act (abbreviated KrWG in German). Over 99 percent of all generated waste is separated in accordance with Germany's Commercial Waste Ordinance (abbreviated GewAbfV in German). In addition, an independent appraiser confirmed the 90/10 ratio. This means that our commercial municipal waste can be directly fed into a thermal recycling process without requiring any prior processing.

Our actions 📋

Waste management officer

In accordance with section 59 of Germany's Circular Economy Act (abbreviated KrWG in German), a waste management officer has been appointed and also reported to our Executive Board in the 2023/24 fiscal year (FY).

Internal control mechanisms

We regularly inform our employees about how to use waste containers properly and the importance of separating different types of waste, and we continued this practice in FY 2023/24. In addition, we also reviewed our internal waste management processes in the reporting year as part of internal audits and regular inspections with the waste and hazardous materials officer. Any deficiencies identified were immediately discussed with the relevant employees and incorporated into their monitoring matrix and audit reports.

Our targets 🎯

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

In addition, we are committed to reducing our general consumption of materials and resources as well as the amount of scrap we produce from day-to-day operations in order to protect the environment and simultaneously conserve financial resources. Likewise, we are constantly pursuing the goal of increasing material efficiency.



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Violations of legal requirements, regulations, and/or applicable rules in the field of waste management were not identified for the current reporting period. We regularly review the validity of the certifications our disposal companies are required to possess pursuant to Germany's Specialist Waste Management Companies Ordinance (abbreviated EfbV in German) – as once again was the case in the 2023/24 fiscal year (FY). The current certificates can be viewed on the websites of the respective disposal companies. None of the waste disposal companies' certificates were either not renewed or expired in FY 2023/24. We received all the necessary documentation from the waste disposal companies that the waste directed to disposal was disposed of properly.

Waste by composition

The main waste products generated during our production processes are scrap, used acid, used emulsion, lead dross, and phosphate sludge. The key waste metrics are documented by calendar year and only encompass the German production sites within the scope of this report.

Table: Key waste metrics

	2023	2022	2021
Hazardous waste in t¹			
Directed to disposal	833	991	1,020
Diverted from disposal	17,147	15,698	17,991
Used acid	14,870	13,872	14,895
Diverted from disposal w/o used acid	2,277	1,826	2,076
Nonhazardous waste in t			
Directed to disposal	0	0	0
Diverted from disposal	702	804	817
Total waste (w/o acid) in t	3,812	3,621	3,913
Waste/production quantity (w/o acid) in kg/t	8.07	7.26	7.30
Ratio of used acid/production quantity in kg/t	39.54	34.54	34.51
Share diverted from disposal in %	95.5	94.3	94.9

¹ The data encompasses the German factories North, South, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.

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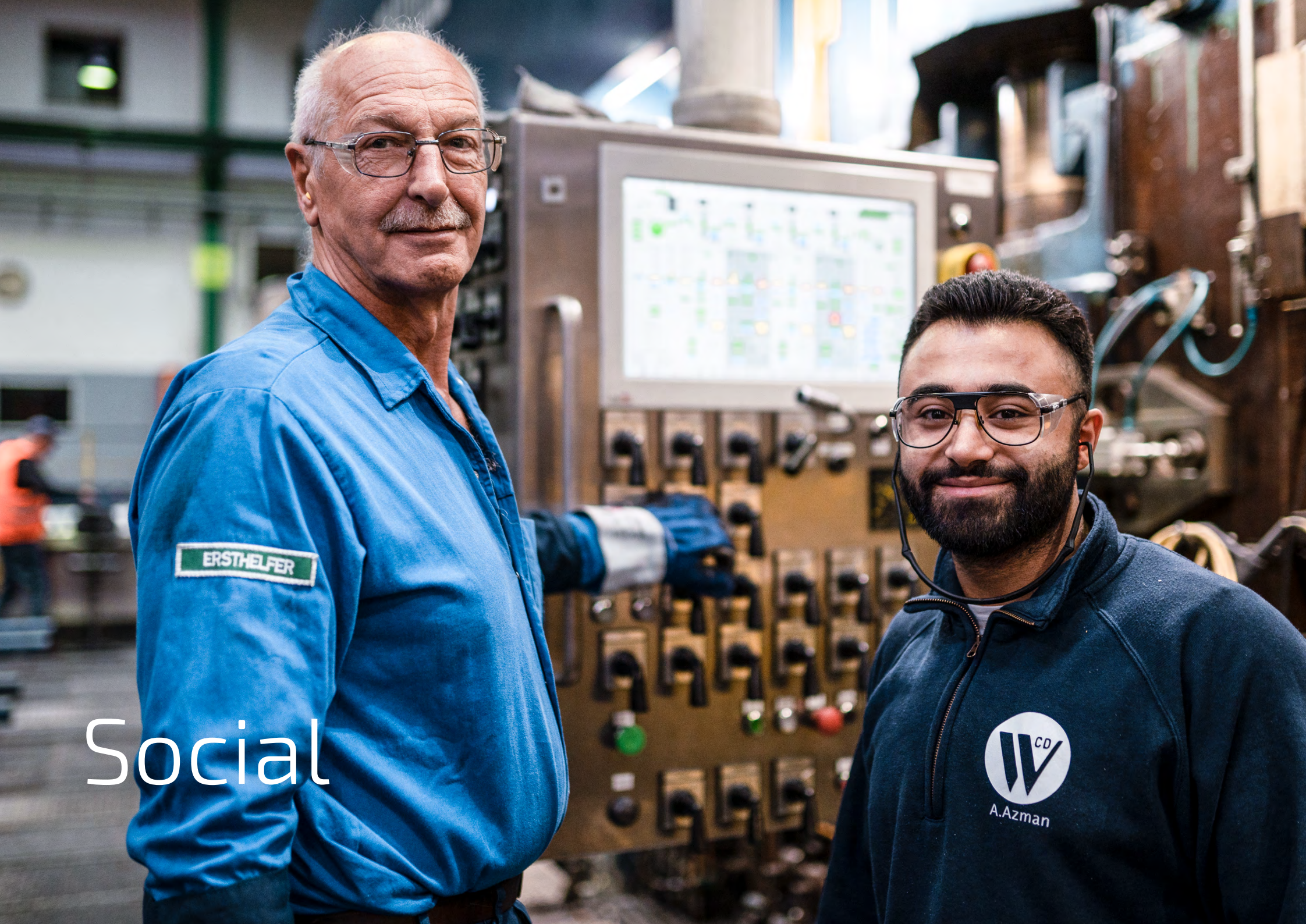
The metrics relating to the packaging materials we used in the 2023/24 fiscal year (FY) show that our German sites used a total of just over 3,800 tons of material. At more than 1,700 tons, wooden pallets accounted for the largest share by far. These pallets can generally be used multiple times, and we returned 26.8% of them to suppliers in FY 2023/24. Compared to the 2021/22 fiscal year, we have already been able to reduce the amount of packaging materials we use by almost 1,000 tons, or nearly 20 percent.

Table: Packaging materials ¹

Packaging materials in kg	2023/24	2022/23	2021/22
Paper (VCI and crepe)	40,466	49,973	54,228
Plastic	107,384	133,302	139,424
PE paper and film	90,815	114,886	111,727
Plastic blanks and twin-wall sheets	8,550	9,060	13,425
Plastic edge protectors	4,819	6,036	6,558
Plastic packing tape	2,144	1,884	5,748
PE mesh fabric	1,056	1,436	1,966
Wood	2,482,001	3,464,089	3,437,093
Pallets	1,757,802	2,436,845	2,340,585
Wooden spacers	319,209	461,325	510,787
Crates	134,512	250,796	229,974
Hard fiber	124,178	113,643	183,779
Long sleds	146,310	201,480	171,968
Metal	1,120,595	962,644	1,164,143
Steel packing tape	1,118,451	960,760	1,076,278
Fully galvanized edge protection	82,909	86,759	87,865
Total	3,831,221	4,694,883	4,794,888

¹ The key metrics for packaging materials encompass the German factories North, South, Kabel, Halden, Hohenlimburg, Oberkochen, Plettenberg, and Wickede.

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Own workforce

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



Introduction and description of the IROs

At Waelzholz, we have different types of employees that work directly for the company and perform different tasks. This includes permanent employees, full-time and part-time employees, temporary employees, and employees without a guaranteed number of working hours (i.e., on-call workers without contractually guaranteed schedules and numbers of working hours). In addition, we employ freelancers and agency staff to support us on specific projects or with seasonal tasks.

As part of the materiality assessment → [see Double materiality assessment](#), Waelzholz identified the impacts, risks, and opportunities (IROs) that are material to the company in connection with the topic of our Own workforce. The following table provides an overview of these IROs, their location in the value chain, and their time horizon.

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Overview of IROs: Own workforce

IROs	CATEGORY				VALUE CHAIN			TIME HORIZON		
	++	--	+	-	▲	🌀	▼	🕒	🕒	🕒
IMPACTS (I)										
Lasting prosperity for the company's own workforce and/or the opportunity to plan for the long term thanks to permanent contracts	++					✓		✓	✓	✓
Ongoing professional development of specialists within the company's own workforce	++					✓		✓	✓	✓
Employment that fosters identification with and trust in the company through long-term employee retention	+					✓		✓	✓	✓
Improved health and healthy living among the company's own workforce	++					✓		✓	✓	✓
Appreciation and inclusion of all individuals regardless of gender, nationality, religion, sexual orientation, or physical/mental disabilities	++					✓		✓	✓	✓
Endangering the health of the company's own workforce through work-related accidents and inadequate safety precautions	-					✓		✓	✓	✓
Exacerbating the shortage of skilled labor, for example due to a lack of training and continuing education opportunities for the company's own workforce	-				✓	✓	✓	✓	✓	✓
RISKS (R)										
Increasing labor costs due to higher wages						✓			✓	
Damage to the company's reputation/loss of business						✓			✓	
OPPORTUNITIES (O)										
Innovation and increased competitiveness through targeted training						✓			✓	

upstream ▲ own operations 🌀 downstream ▼ <1 year 🕒 1–5 years 🕒 >5 years 🕒 actual positive ++ actual negative -- potential positive + potential negative -

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IMPACTS (I)

Lasting prosperity for the company's own workforce and/or the opportunity to plan for the long term thanks to permanent contracts:

Waelzholz promotes the ability of its workforce to achieve lasting prosperity and plan for the long term through permanent employment contracts for over 95 percent of employees. This creates financial security and stability for our staff. This impact is central to our business strategy, as it increases employee satisfaction and supports the organization through a motivated and loyal workforce.

Ongoing professional development of specialists within the company's own workforce:

For over 20 years, we have been promoting the ongoing professional development of our employees through vocational training programs, part-time degree programs for working professionals, and continuing education opportunities for our entire workforce, regardless of age or position. This impact enhances our company's long-term competitiveness by promoting fresh ideas and implementing new innovative perspectives, while simultaneously

boosting employee motivation. Systematic employee development is firmly enshrined in our business strategy and contributes significantly to our success as a company.

Employment that fosters identification with and trust in the company through long-term employee retention:

We promote the long-term retention of our workforce through various actions to increase and maintain employee satisfaction. This strengthens the workforce's sense of belonging and at the same time creates a working environment that fosters identification with and trust in the company. This impact supports our business strategy because secure employment relationships allow both employees and the company to plan reliably for the long term. This impact applies to the entire workforce and contributes to a stable and positive corporate culture.

Improved health and healthy living among the company's own workforce:

We promote the health and well-being of our employees through actions such as appropriate working hours, fair compensation, and additional benefits

such as JobRad bicycle leasing, free health screenings, and partnerships with company physicians. The aforementioned actions improve the physical fitness of our workforce over the long term and strengthen our sense of community, which has a positive influence on our employees and, by extension, on the company as a whole. This impact applies to the entire workforce and is an integral part of the business strategy.

Appreciation and inclusion of all individuals regardless of gender, nationality, religion, sexual orientation, or physical/mental disabilities:

We promote a working environment founded on equality and equal opportunities in which employees are valued regardless of their gender, nationality, religion, sexual orientation, or disability. This fosters respectful interaction within the company and promotes tolerance and well-being among the workforce, as well as an inclusive corporate culture. This impact is integral to our business strategy and has a positive effect on our entire workforce.

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Endangering the health of the company's own workforce through workplace accidents and inadequate safety precautions:

The risk to our employees' health from work-related accidents is a serious concern that has the potential to negatively impact our employees and their well-being. To minimize this risk, we analyze incidents that have occurred, identify the causes, and develop targeted preventive actions. This impact is integral to our business strategy, as we aim to prevent all occupational accidents and, in doing so, ensure that we offer all employees a safe working environment. Employees in production who perform physically demanding tasks are more likely to be affected by health risks due to work-related accidents than administrative employees who, for example, work in offices.

Exacerbating the shortage of skilled labor, for example due to a lack of training and continuing education opportunities for the company's own workforce:

For more information, please refer to the impact → **Ongoing professional development of specialists within the company's own workforce**. This impact is deeply ingrained in the structures of the company and the entire industry, and therefore occurs frequently and on a large scale.

RISKS (R)

Increasing labor costs due to higher wages:

The risk of increased labor costs due to higher wages can reduce the company's profit margin and affect its international competitiveness. The occurrence of this risk depends on various factors, including the amount of the base salary paid and additional costs such as overtime pay, bonuses, and social security contributions. This risk does not arise as a direct consequence of a negative impact, such as a fatality, however.

Damage to the company's reputation/loss of business:

The risk of damage to the company's reputation, including a loss of business, arises from health and safety incidents that could erode customer, investor, and public trust in the organization. The occurrence of this risk depends on factors such as occupational safety and employee health. The risk arises as a direct result of incidents that endanger employee health, as well as the need for improved safety precautions and healthy lifestyles.

OPPORTUNITIES (O)

Innovation and increased competitiveness through targeted training:

Targeted training programs to develop employee skills indirectly improve the quality of processes and products. This results in business opportunities through innovation and increased competitiveness. The occurrence of these opportunities depends on factors such as the quality and relevance of the training. They also arise as a positive consequence of the ongoing training of skilled workers, which increases employee satisfaction and helps to attract new talent.

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Stakeholder management
in our own workforce

Works Council as the representative
of the workforce

A well-established and effective communication and information network is in place throughout the entire group of companies. As exempted representatives of the workforce, works Council members are permanently in contact with employees, management, and the HR Department. In addition, all-hands meetings are held at least twice a year at every German location.

Relevant issues can be addressed to the HR department or management in person or anonymously. This sometimes limits the ability to take action, but the dialog is still perceived as extremely effective. Among other benefits, this has allowed us to identify and eliminate security vulnerabilities in the past. The dialog has also led to the creation of competitions and employee events, which have further improved satisfaction.



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Open dialog

We regularly offer our employees in Germany the opportunity to engage in constructive dialog with company executives and HR managers. In this format, which we call "Waelzholz Dialog", employees can raise and discuss current issues in an informal setting.

At other selected locations, we involve our employees through direct dialog. This is carried out, for example, through direct communication in the form of one-on-one discussions or via internal communication channels and meetings.

Youth and trainee representatives

At our German locations, a full-time vocational trainer is available to our trainees throughout their training to answer questions and assist with other concerns. In addition, there is a youth and trainee representative who represents the interests of all vocational trainees and young employees who have not yet reached the age of 25. The youth and trainee representative works together with the works Council and the trade union and serves as a contact person for suggestions and complaints.

Whistleblowing system

Our goal is to minimize any negative impacts on our own workforce. We can achieve this, for example, by creating excellent working conditions that go hand in hand with high occupational health and safety standards.

In addition, we encourage our employees to report any concerns, complaints, and/or violations through our whistleblowing system or directly to the Waelzholz Group's Compliance Officer. This is how we ensure that misconduct such as physical, sexual, psychological, and verbal harassment and abuse at work is investigated. At the same time, we protect privacy, as the system naturally also allows the anonymity of the person providing the information to be preserved → [see Corporate culture and business conduct policies](#).

In addition, employees at individual locations can contact the HR Department directly with their concerns and needs.

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Employees

At the end of the 2023/24 fiscal year (FY), the Waelzholz Group had 2,370 employees at 13 locations in Europe, Asia, and North and South America. A total of 2,268 employees were employed in countries in which the group has at least 50 employees.

Roughly 92 percent of all employment contracts at Waelzholz are permanent, which provides both the employee and us as an employer with the ability to plan reliably for the long term.

Over the course of the fiscal year, 131 employees left the company. Of this total, 105 of them were employed in Germany and 26 in Brazil. This corresponds to an employee turnover rate of 2 percent in Germany and 1 percent in Brazil.

Non-employees

During the reporting year, an average of eight to ten people were employed at the German sites under a staff leasing arrangement in addition to the company's own employees.

Table: Key employee metrics for the 2023/24 fiscal year by country ¹

	GERMANY	BRAZIL	CHINA	TOTAL
Number of employees	1,650	442	176	2,268
Male	1,234	391	134	1,759
Female	416	51	42	509
Permanent employees	1,508	436	162	2,106
Temporary employees	142	6	14	162
Full-time employees	1,589	n/a	176	1,765
Part-time employees	61	n/a	0	61

¹ Figures only include employees in Germany, Brazil, and China.

Table: Key employee metrics for the 2023/24 fiscal year by gender and type of employment ¹

	FEMALE	MALE	TOTAL
Number of employees	509	1,759	2,268
Permanent employees	484	1,622	2,106
Temporary employees	25	137	162
Without guaranteed working hours	0	0	0
Full-time employees ²	129	1,636	1,765
Part-time employees ²	57	4	61

¹ Figures only include employees in Germany, Brazil, and China.

² Figures only include Germany and China.

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Working conditions

Here at Waelzholz, our goal is to offer our employees working conditions that benefit them in all areas of their lives – from a secure job with career opportunities and fair compensation that provides for their long-term livelihood to numerous other interrelated benefits.

Our policies

German Part-Time Work and Fixed-Term Contracts Act

At our German locations, we operate within the framework of the applicable labor law regulations, including Germany's Part-Time Work and Fixed-Term Contracts Act (abbreviated TzBfG in German). In this way, we explicitly promote part-time work in order to offer our employees the greatest possible flexibility. This also contributes to long-term employee retention.

We also enable our employees to plan for the long term by offering them permanent employment contracts.

Compensation

Compensation plays an important role in every employment relationship. All Waelzholz employees should be able to cover their living expenses through their work – regardless of their location. In Germany, we therefore pay above-average wages as a company bound by collective bargaining agreements (applicable to the metal and electrical industry in the German states of North Rhine-Westphalia and Baden-Württemberg). From the employees' point of view, the company being bound by these collective bargaining agreements is an enormous benefit, securing the prosperity of each and every employee.

Annual leave and weekly working hours also meet high standards defined in collective bargaining agreements. Additional payments such as leave and Christmas bonuses also give employees additional financial leeway, while correct and punctual monthly payroll accounting allows employees to plan and fosters trust.

Waelzholz also offers attractive compensation for jobs at its foreign subsidiaries. For example, we enshrined the goal of offering our employees good earning opportunities in our Chinese human resources guidelines.

Health protection

At our German locations, we established a health protection policy in addition to the mandatory occupational safety requirements in order to promote the health of our employees and create awareness for a healthy lifestyle. The HR Department and respective supervisors are responsible for the implementation of this policy.

At our international locations, we are guided by the high standards that apply in Germany, some of which go beyond the legal requirements in force elsewhere. For example, employees in the United States and Brazil receive generous additional health insurance benefits that also cover their respective family members.

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Our actions

Reasonable working hours and flexible working options

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

In close collaboration with employee representatives, we are also constantly working to develop balanced, healthy working arrangements for our employees in all areas – including to ensure that employees can compensate for the strain of shift work in the best possible way.

Additional monetary benefits

Waelzholz has been subsidizing its employees' pension plans for many years – for example in the form of the "MetallRente" (MetalPension). The company-subsidized occupational disability pension also protects employees from financial hardship in the event of possible absences due to illness. Furthermore, we offer individual partial retirement models that many long-standing employees take advantage of, ensuring that they can enjoy a smooth and seamless transition into retirement. Special bonuses, work anniversary bonuses, childcare during school vacations, company social work, and subsidized lunches round out the benefits we offer employees, along with a healthy balance between work and free time.

The exact composition and range of benefits offered varies from location to location. This is due, on the one hand, to local legislation and requirements, but also, on the other hand, to the respective employees' personal preferences and plans.

Monitoring occupational safety

Occupational health and safety is strictly monitored in all operational processes and is based on clearly organized structures. Individually assessing potential risk and concrete working conditions is the key tool we use to identify hazards in operational activities and take preventive protective action. Various stakeholder groups are engaged in this process, which ensures a needs-based approach and that measures are accepted. Decision-makers and relevant occupational health and safety specialists communicate regularly as part of a network in order to continuously enhance occupational health and safety and optimize preventive actions.

Occupational health and safety training

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

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Supervisors track the training completed by all of their employees and document it centrally in the training system. This allows us to maintain an overview at all times and ensure that every employee receives regular and targeted training. If an employee changes jobs, is newly hired, or the training content changes, all necessary additional safety training is provided.

Occupational health and safety training is free of charge and takes place during working hours. Its effectiveness is monitored through direct feedback, the evaluation of work results, internal audits, and inspections. At selected locations, training is carried out on a quarterly basis.

Health care

We have developed a range of initiatives and actions to actively support our employees with preventive health care. In Germany, for example, all employees can lease a bicycle for their commute to work at a reduced rate and benefit from tax incentives. When the lease is up, the employees have the ability to purchase the bicycle at a low cost, allowing them to use it as a healthy and sustainable means of transportation for the long term. We also regularly organize athletic events at our German locations, such as sports tournaments

or company runs. These enhance both physical fitness and the sense of team spirit within the workforce.

At some locations, we offer our employees free health checkups, skin cancer screening, and mobility tests. In addition to preventive health care, these benefits allow employees to have important tests and examinations carried out during working hours.

Thanks to our close collaboration with the company medical center, our employees also benefit from expert and personalized assistance in health matters. In this context, the company physician performs the following tasks at our company:

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

The Brazilian subsidiary also employs its own company physician who is responsible for health and occupational safety at the workplace. For cultural

reasons, a great deal of emphasis is placed on healthy eating at the Chinese site. Accordingly, we offer our employees high-quality catering there.

Special protection of the workforce

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

We are particularly careful to ensure compliance with the stricter legal requirements for the minors in our care (i.e., underage vocation trainees). This applies, for example, to compliance with the rules governing breaks and rest periods, the ban on night work, and not having these employees work on weekends. The use of student interns is also subject to particularly careful observation. Since these young employees are still in the process of learning, it goes without saying that they are not allowed to carry out any activities that pose a potential danger to them.

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Our targets

Maintain and increase employee satisfaction

Here at Waelzholz, we want to continuously increase the satisfaction of our employees. Key elements of our strategy in this regard include the annual feedback meetings with individual employees and all-hands meetings. These provide us with valuable insights into the level of satisfaction among our employees and enable us to identify specific areas with potential for improvement.

Furthermore, we invest in the ongoing development of our managers by offering training seminars on leadership, communication, and modern methods of collaboration. In 2024 alone, we trained almost 100 managers from all locations on the topic of leadership as part of the "Effective Leadership" program. In this way, we are ensuring that our managers are able to create a motivating work environment and take our employees' individual needs into account.

Promote health and safety at work

When it comes to preventing work-related accidents, the following applies to the entire Waelzholz Group: every accident is one too many. Our aim, therefore, is to prevent all work-related accidents. This is why we investigate and draw conclusions from incidents that have occurred in order to continuously improve our preventive actions. As part of this analysis, information is evaluated to determine the cause of the accident in order to implement effective protective actions. We view every work-related accident as a reason to go through the process of assessing working conditions again. In China, for example, the goal is to keep the total number of all occupational accidents per year below 25. We were already successful in this endeavor in 2023/24 fiscal year (FY).

Furthermore, we want to maintain a high number of needs-based health offerings and increase the number of participants in them. Ergonomically optimized workstations are an indispensable addition in this regard. To this end, we regularly conduct a risk assessment and an analysis of the workstations with the company physician.

At our German locations, the ratio of days absent to working days stood at approximately 7 percent in the reporting year. Starting from this baseline, our aim is to reduce the number of absences due to illness. We also aim to reduce this figure in China as well. Due to the global nature of our operations and the wide range of different working conditions, we have not set a standardized target for this figure that applies across the entire group.



Metrics

Compensation

In Germany, our employees are paid in accordance with the applicable provisions of the metalworkers' collective bargaining agreement. We are currently working on collecting data on fair compensation at our international locations so that we will be able to report on these as well in the future.

Social protection

We offer comprehensive social protection actions so that all our employees are covered even in the event of major life changes. These include serious illnesses, but also events such as retirement or childbirth and parenting.

Occupational health and safety

All employees as well as all non-employees are covered by our health and safety management system on the basis of legal requirements or recognized standards or guidelines.



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Table: Accident and health metrics

	GERMANY	BRAZIL	CHINA
Fatalities (employees)	0	0	0
As a result of work-related injuries	0	0	0
As a result of work-related ill health	0	0	0
Fatalities (non-employees)	0	0	0
As a result of work-related injuries	0	0	0
As a result of work-related ill health	0	0	0
Fatalities (other workers employed at the sites, e.g., workers in the value chain)	0	0	0
As a result of work-related injuries	0	0	0
As a result of work-related ill health	0	0	0
Recordable work-related accidents (employees)	66	12	3
Recordable work-related accidents (non-employees)	1	2	n/a
Cases of recordable work-related ill health among employees	0	0	n/a
Cases of recordable work-related ill health among non-employees	0	0	0
Days lost due to work-related accidents and ill health (employees)	784	496	47
Days lost due to work-related accidents and ill health (non-employees)	4	0	n/a

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Equal treatment and opportunities for all

Our goal is to make working at our company an attractive proposition. We want to create an appreciative and welcoming environment in which all employees of the Waelzholz Group enjoy working and playing an active role in shaping the company – supported by achievements and recognition of those achievements. This can only be achieved, however, if we completely eliminate discrimination of any kind at the workplace.

To this end, we strive to ensure that all of our employees enjoy equal opportunities, regardless of their gender, age, skin color, nationality, background, sexual orientation, religion, or disability. In this context, interacting with each other in a respectful and tolerant manner is of paramount importance. We do not tolerate discrimination against employees, customers, contractors, or suppliers in any form.

Our policies

Code of Conduct

At Waelzholz, compliance with legal regulations and adherence to ethical values and principles are central elements of our business activities. We have expressed our commitment to upholding and promoting these rules and values in our Code of Conduct. It lays out clear rules on nondiscrimination, behavior guidelines, and values that apply to all employees at all locations.

Vocational training program

We implement our vocational training program in Germany as well as in parts of China and Brazil. Responsibility for this lies with the respective HR departments and each of the individual trainees' supervisors.

Onboarding for our German vocational trainees begins with a three-day introductory seminar, during which we provide a wealth of information on key aspects of vocational training and continuing professional development, as well as topics such as occupational safety and our company's core brand values. In doing so, we make sure that our trainees feel at home at our company and become familiar with all aspects of our company right from the start.

More than 20 years ago, we also launched a program for young people starting their careers at our German locations, which encompasses numerous vocational training programs, part-time degree programs (i.e., cooperative education programs), and support for university students writing their final theses. This offer is aimed at young employees in all fields, combining traditional course content with in-house training that focuses specifically on our steel products. During our IT week, for example, vocational trainees used robotics kits to build, program, and bring a miniature cold rolling line into operation. This combines theoretical content with a real-world application and gives young people a better understanding of steel as a material and the multitude of possibilities it offers.

At the Brazilian site, Waelzholz works closely with the German-Brazilian Humboldt School while also promoting the cooperative education system in South America. An integral part of the program for the Brazilian trainees is their close collaboration with the company's headquarters in Hagen, Germany, which is often further intensified through a visit to Germany. In doing so, we enhance their professional training and their foreign language skills while also promoting cultural exchange.

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Advanced training for our employees

Systematic employee development plays an important role in the success of the entire company. The aim of this is to provide our employees with ongoing training and to counteract the shortage of skilled workers. A strong team, continuous training, and professional development opportunities together lay the foundation for our ability to remain competitive over the long term.

Every employee, regardless of their age or skills, can benefit from our range of advanced training opportunities. The respective HR departments, supervisors, and employees are responsible for the ongoing training of our workforce.

Our actions

Collaborations with educational partners

Together with the South Westphalian Chamber of Industry and Commerce (SIHK) in Hagen, Germany, Waelzholz initiated what is known as Tec-Day, which has been an integral part of our vocational and advanced training program since 2014. During this event, students can work on smaller technical challenges.

Another project is the Management Club, an after-school program in which twelfth-grade students become familiar with career areas at various local companies and thereby gain inspiration for their later career choices.

Junior Management Program

Junior employees from all areas of the company receive training in the company's own Junior Management Program (JUMP for short) over the course of several modules and project assignments, and form a collaborative internal network. In this context, when working on projects on specific topics, experienced managers take on the role of mentors in order to pass on the knowledge they have gained over the course of their careers.

Advanced training

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

Furthermore, the digital Waelzholz Campus offers training on a wide range of topics – from time

management and remote work to office organization. Our goal is to continuously improve our vocational and advanced training programs. To this end, we also intend to continuously expand the Waelzholz Campus over the coming years.

Management training

In the reporting year, we initiated comprehensive training for all managers at the first and second management levels throughout the group. The aim of this action was to promote international understanding, refresh knowledge of our leadership principles, and strengthen exchange and networking among participants.

The training was launched against the backdrop of increasing internationalization in order to facilitate collaboration and the implementation of multidisciplinary projects. This measure is scheduled to be completed in December 2024. The success of the program will be measured on the basis of feedback we receive from the participants. This will be incorporated into future project planning.

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Sales training

Likewise, in April 2024, we launched an extensive training program for all sales employees at our German locations. The focus of this training is on enhancing role clarity in sales, improving negotiation skills by means of an expanded toolbox, and establishing common standards. This is because, in the face of intense competition and increasing price pressure, having a well-equipped sales team is a decisive factor in a company's success. The success of this action, which we expect to complete in December 2024, will be evaluated based on feedback from participants.

Development of collaboration and leadership policies

In the reporting year, we initiated the development of new collaboration and leadership policies, which we aim to have completed by the end of 2025. These policies are based on the existing policies from 2004 and will apply internationally to all of the companies in the group. Taken together, our aim is for them to create a common reference framework governing our collaboration that will serve as a reliable catalog for all parties involved and also form the basis for staffing, hiring, training, and evaluations.

The feedback from the workforce on this action will be systematically collected and evaluated through annual performance reviews, "Waelzholz Dialog", all-hands meetings, and communication with the works Council to ensure continuous adaption and improvement. We plan to begin communicating the new guidelines to our employees in 2025.

Performance reviews

Development and feedback processes not only promote our employees' personal development, but also provide crucial input for insightful and respectful management practices. For this reason, performance reviews are held at least once a year between employees and their supervisors. These discussions include assessing employees' general satisfaction, evaluating their performance, looking at their career path, and defining individual development goals and training measures.

Girls' Day

One of the ways in which we try to spark female students' interest in technical careers is through our annual Girls' Day. This event gives eighth-grade girls the opportunity to spend a day getting to know the industrial professions at Waelzholz.



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Our targets

Increase diversity at the company

As part of the workshops on diversity and inclusion held in 2023/24, the topic of diversity was discussed with nearly 100 managers from all countries. The focus of these activities was primarily placed on raising awareness of the issues. In the process, the participants discussed the cultural and country-specific differences that were identified and documented best practices and key areas for action.

Women at Waelzholz

Currently, women make up 22 percent of the workforce in Germany, China, and Brazil. In particular, technical occupations continue to be heavily male-dominated, at least in Germany. This is reflected in the number of applicants for vocational training, the number of vocational trainees and, consequently, the number of employees with wider responsibilities. By collaborating with schools and other partners, we are therefore working to increase the number of female applicants for vocational training at Waelzholz.

In addition, a specific goal defined in our ESG strategy is to increase the percentage of women in management and in the overall workforce. Our hiring and recruitment processes play a key role in achieving this. If candidates for a position have comparable qualifications, we will give preference to a woman. In addition, we would like to establish a recruitment process with a focus on women by the 2024/25 fiscal year, which we intend to support with a corresponding policy.

Equal pay

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

Vocational and advanced training opportunities and internal skills development

Waelzholz strives to continuously improve its vocational and advanced training programs and

enhance internal skills development. In addition, we want to ensure that knowledge is transferred within the company. This not only enables our employees to develop personally and professionally, but also ensures that the company remains competitive over the long term by maintaining a high level of expertise and innovative strength.

Strengthen our employer brand and leverage internal potential

Waelzholz is pursuing the goal of strengthening its employer brand through successful targeted recruitment efforts. An important part of achieving this goal is ensuring that 75 percent of vacancies are filled by internal candidates, which supports both employee development and helps to quickly fill further vacancies. We have not yet tracked the status quo, but starting in 2024/25, we would like to establish a target in order to measure and continuously improve the effectiveness of this strategy. This action helps develop our employer brand while efficiently meeting staffing needs.

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Diversity

The term diversity is multifaceted and, in our view, encompasses more than just gender, age, and nationality. Characteristics such as sexual orientation, religion, and physical or mental disabilities must also be considered within the framework of an adequate diversity management program.

While we are proud of our German roots, we are equally proud that people of over 31 different nationalities work for us worldwide and bring cultural diversity to our company.

We calculate the percentage of women in the upper salary groups on an annual basis. Our goal is to steadily increase this figure by 2027. For this purpose, we would like to create more part-time management opportunities and take periods of parenting and caring for family members during one's career into account.

The company is currently working on developing metrics on gender distribution at the management level and age distribution among the workforce. We intend to complete this by 2027 at the latest. The same applies to data on S1-12 (people with disabilities), S1-15 (work-life balance parameters), and S1-16 (compensation parameters).

Training and skills development

All employees in Germany and China and 83 percent of employees in Brazil regularly participated in performance and career development reviews in 2023/24. The average number of training hours per employee in Germany totaled four hours in the reporting year, while employees in China received 8.5 hours and employees in Brazil 48 hours (also see the table: Average number of training hours).

Table: Average number of training hours

	GERMANY	BRAZIL	CHINA
Total workforce training hours (in hours)	4	48	8.5
Female	n/a	30	15.5
Male	2.4	51	6.3

Incidents, complaints, and serious impacts related to human rights

In the 2023/24 fiscal year, the company received two complaints of discrimination and harassment in Germany. In Brazil, we received 24 complaints, all of which were submitted via the whistleblowing platform. Of these, 22 incidents were investigated. Corrective action plans were initiated as a result of four of the incidents.

No incidents of severe human rights violations (e.g., forced labor, human trafficking, or child labor) were identified in the reporting year.

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Workers in the value chain

Here at Waelzholz, we want there to be a focus on sustainability aspects along the entire value chain. As a family-owned company, our focus here is on our employees and the policies, actions, and targets we have developed regarding sustainable and socially responsible business practices.



Introduction and description of the IROs

As part of the materiality assessment → [see Double materiality assessment](#) Waelzholz identified the impacts, risks, and opportunities (IROs) that are material to the company in connection with workers in the value chain. In our case, these workers include both employees of external companies working on our premises (e.g., for the purpose of maintaining or building new production systems) and people involved in the manufacture of products in the upstream value chain.

The following table provides an overview of these IROs, their location in the value chain, and their time horizon.

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Overview of IROs: Workers in the value chain

IROs	CATEGORY				VALUE CHAIN			TIME HORIZON		
	++	--	+	-	▲	🔄	▼	🕒	🕒	●
IMPACTS (I)										
Prosperity on the part of workers in the value chain	++				✓		✓	✓	✓	✓
Improved health and healthy lifestyles among workers in the value chain	++				✓		✓	✓	✓	✓
Endangering the health of workers in the value chain	-				✓		✓	✓	✓	✓
Financial exploitation of workers in the upstream and/or downstream value chain	-				✓		✓	✓	✓	✓
Human rights violations (especially forced and child labor) in the upstream and/or downstream value chain	-				✓		✓	✓	✓	

upstream ▲ own operations 🔄 downstream ▼ <1 year 🕒 1–5 years 🕒 >5 years ● actual positive ++ actual negative -- potential positive + potential negative -

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IMPACTS (I)

Prosperity on the part of workers in the value chain:

Waelzholz helps ensure that suppliers and business partners can pay fair wages and maintain long-term employment relationships through fair price negotiations and long-term contracts. This has a positive impact on the standard of living and quality of life of their employees. These actions also help our company plan for the long term, which contributes to more stable business processes and a more sustainable value chain.

Improved health and healthy lifestyles among workers in the value chain:

The health and well-being of workers in the value chain is extremely important to us. This promotes the health of these employees over the long term, which in turn contributes to the stability and future viability of our company.

Endangering the health of workers in the value chain:

This impact can arise from inadequate working conditions or poor safety precautions, which can lead to work-related accidents and long-term health issues. A lack of health programs negatively impacts employees' well-being and increases the risk of production downtime, which can potentially harm both the people and Waelzholz. Consequently, we implement various actions to prevent this.

Financial exploitation of workers in the upstream and/or downstream value chain:

This impact can arise from poor working conditions in the value chain as a result of unfair pay practices, e.g., wages below the respective minimum wage, which can significantly harm the quality of life of the affected workers. Decent working conditions are extremely important to us, however, and we only work with suppliers who comply with the principles of the UN Global Compact and the ILO core labor standards. Strict compliance with standards and legal requirements also includes the issue of fair pay.

Human rights violations (especially forced and child labor) in the upstream and/or downstream value chain:

This impact could have serious consequences for the affected workers, including exploitation and violations of fundamental human rights. We therefore observe international standards such as the principles of the UN Global Compact and the ILO core labor standards to ensure safe and decent working conditions, and avoid working with companies that tolerate such violations.

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**Stakeholder management
of workers in the value chain**

As part of the materiality assessment, we conducted an online survey of suppliers and customers, among other stakeholders, to find out where they thought our business activities had the greatest impact on the environment and society. Beyond this, we currently do not have any mechanisms in place to involve the workers in the value chain with regard to our impacts.

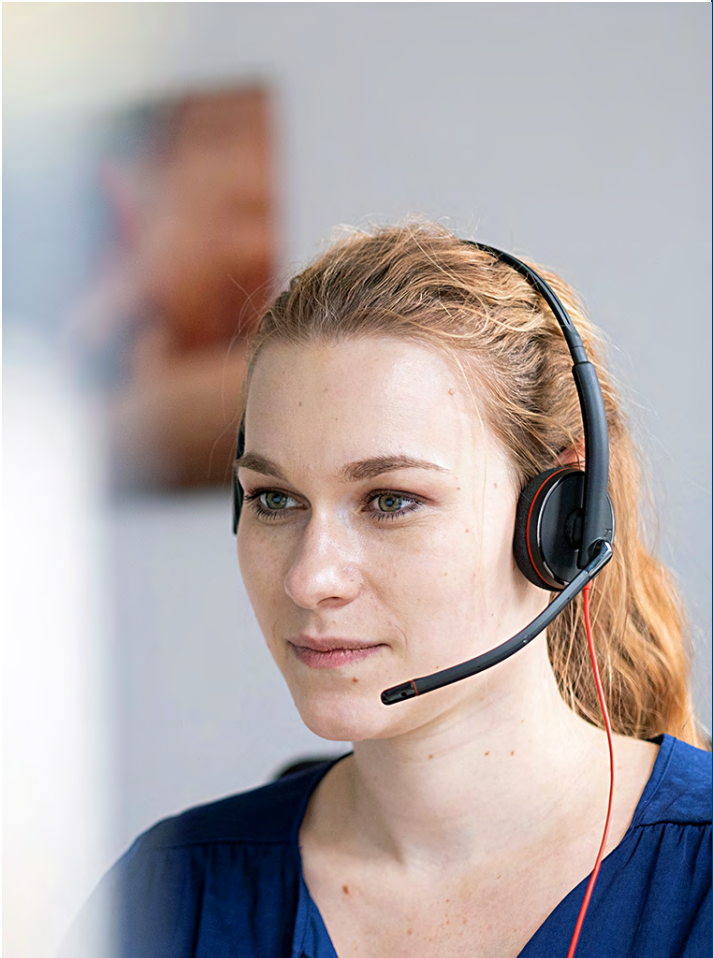
Whistleblowing system

In 2023, we introduced a comprehensive complaint management system that enables internal and external whistleblowers to report violations and risks in the supply chain. Critical issues and compliance violations can be reported anonymously or by name through

various communication channels, with the compliance officer acting as the first point of contact. In addition, whistleblowers can discuss their concerns with an external, independent ombudsman.

Incoming reports are collected, evaluated, and, in serious cases, forwarded to the Executive Board. In the event of violations, sanctions are imposed and countermeasures initiated. Critical matters are immediately forwarded to the Executive Board and the Legal Department and discussed in the relevant supervisory bodies to ensure that information flows quickly and action can be taken.

Further information on the whistleblowing system can be found in the → **Own workforce** section and in the → **Governance** section.



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Working conditions and other work-related rights

At Waelzholz, the working conditions and rights of all employees throughout the entire value chain are extremely important to us. In the following, we provide an overview of our policies, actions and targets to promote the safety, health and well-being of these workers.

Our policies

Code of Conduct for Suppliers

In accordance with the applicable UN conventions, we are firmly opposed to corruption and bribery. We expect our suppliers to support fundamental principles and labor rights. These include the principles of the UN Global Compact, the United Nations Universal Declaration of Human Rights, and the core labor standards promulgated by the International Labor Organization (ILO). Accordingly, we avoid working with companies that tolerate forced and child labor as well as discrimination of any kind and that do not comply with the respective national laws and regulations governing working hours, wages, salaries, and employer contributions as well as the applicable occupational health and safety regulations.

We have codified our procurement guidelines in a Code of Conduct (CoC) that was developed specifically for suppliers. On the one hand, this ensures that our suppliers are committed to upholding human rights, complying with the law, and acting appropriately. On the other hand, it defines the conduct expected of our employees when interacting with suppliers.

We ensure compliance with the Code of Conduct through continuous supplier monitoring, supplemented by situation-specific screenings and assessments, including the use of external tools → [see Our actions](#).

The policy applies group-wide, without exception, to all locations and to the entire upstream value chain, and is based on our Waelzholz Code of Conduct and Terms and Conditions of Purchase. Operational responsibility for implementation lies with Global Procurement. Furthermore, we require our suppliers and service providers to recognize and accept our purchasing terms and conditions, which form the framework for our business relationship.

The stakeholders affected by the policy include all external partners, suppliers, and service providers. It was developed and discussed as part of strategic talks with renowned European steelmakers, among others. The CoC is publicly accessible to all parties

and can be viewed on our website. In addition, we regularly inform our partners about the Code of Conduct's content and requirements as part of supplier assessments and strategy discussions.

Code of Conduct at the Brazilian site

Our Brazilian factory, Waelzholz Brasmetal, has its own Code of Conduct that defines fundamental ethical standards of conduct and attitude for all employees. Compliance is monitored by means of regular disclosures, training, and continuous reviews by department management. The HR supervisor is responsible for implementing and monitoring this policy.

The Code of Conduct applies to everyone who works for our company in Brazil, both employees and third parties working for the company. They are fully briefed and trained to ensure that all employees are familiar with and can apply the internal policy.

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The Code of Conduct specifically prohibits the use of child or slave labor and requires our customers, suppliers, and third parties to comply with this requirement. In addition, the site supports local initiatives to help children and young people. Likewise, slave labor or slave-like labor is strictly rejected. There are clear policies in place that prohibit forced labor, excessive working hours, and undignified working conditions. Every employee receives both online and in-person training every two years.

Evaluation and approval of shipping companies

The K5A01 policy for evaluating and approving shipping companies is designed to ensure that business relationships with shipping agents are based on clearly defined criteria. The monitoring process includes regular audits and a comprehensive assessment of deadlines, commercial, and technical issues. The head of logistics is responsible for the ultimate approval of shipping companies and, together with the logistics team, for implementation of this policy.

The policy applies to C.D. Wälzholz GmbH & Co. KG and covers its own and upstream value chains. It is linked to the Waelzholz General Terms and Conditions, which must be signed by the shipping agents.

We also ask our shipping agents whether they have been certified in accordance with ISO 9001.

All shipping companies are considered affected stakeholders. The stakeholders were not directly involved in the development of the policy, however. The policy is not publicly available, but it is partially communicated to the shipping agents during annual meetings, whether by phone, in writing, or in person, in order to improve performance.

Contract wording

Another policy related to the workers in our value chain includes the wording of contracts and the boilerplate clauses developed for it. The key contents of this policy include compliance with occupational safety and health and labor laws, minimum wage, the prohibition of illicit employment, the briefing of external companies, and the implementation of our environmental and energy policy, fire protection and Code of Conduct. These requirements are monitored by means of order confirmations and framework agreements that ensure ongoing compliance with all contractual requirements. The policy applies to all of the company's German sites and encompasses its own and its upstream value chain.

Responsibility for compliance with and implementation of the policy lies with Global Procurement. The contractual provisions are based on our Code of Conduct, our Terms and Conditions of Purchase, and our environmental and energy policy. These three policies are available on our website. In addition, the parties concerned, which include all external partners, suppliers, and service providers, are fully informed of the requirements in the relevant negotiations and agreements.



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Our actions

Introduction of sustainable procurement criteria

The formulation of global procurement standards, which we intend to implement throughout the company, should make our procurement strategy more sustainable overall. The employees responsible for purchasing are receiving targeted training on the new standards, with a focus on topics such as human rights and occupational safety.

Introduction of a supporting software application

In the reporting year, we introduced a software across the entire group that is used to monitor the supply chain in accordance with the German Supply Chain Due Diligence Act (abbreviated LkSG in German). This encompasses all external partners, service providers, and suppliers. Initial screenings have already been carried out successfully. The software rollout is expected to be completed by the end of 2024.

Our targets

Acceptance of the Code of Conduct for Suppliers by all suppliers

A central goal of our sustainability strategy is the comprehensive acceptance of the Code of Conduct for Suppliers by all of our suppliers. We monitor progress towards this goal through a regularly conducted risk analysis and through a comparison with already accepted or existing Codes of Conduct. We measure success based on an annual internal audit, where the percentage of CoCs signed or of high-risk suppliers serves as the key metric.

Increasing the share of suppliers with environmental, energy, and occupational safety certifications

Another objective is to increase the percentage of suppliers that are certified according to environmental, energy, and occupational safety standards. These certifications are an important indicator of compliance with key standards in these areas and help minimize environmental and safety-related risks in the supply chain. To achieve this goal, we regularly audit our suppliers to review which certifications they possess, whether these are still valid, and whether they meet the current necessary requirements. Furthermore, we also define standardized requirements and expect our business partners to continuously improve in achieving and fulfilling them. We

evaluate progress annually based on the percentage of certified suppliers in relation to the purchasing volume.

Implement Germany's Supply Chain Due Diligence Act (abbreviated LkSG in German)

Fully implementing Germany's Supply Chain Due Diligence Act (abbreviated LkSG in German) is also a top priority for our comprehensive procurement management. To this end, we are setting up a database that will enable us to efficiently collect and share relevant information. We had met the relevant requirements of the LkSG by the end of the reporting period.

Improve readiness for our suppliers' and customers' own ESG requirements

Similar to our own business partners, we also have to respond to the ESG requirements of our suppliers and customers and be able to fulfill them. Identifying and actively participating in market and industry-relevant initiatives such as the Carbon Disclosure Project (CDP) is an important step towards achieving this target. These initiatives can provide us with valuable insights in the future and allow us to share best practices to improve our supplier and customer relationships over the long term. In the future, we will measure our success on the basis of the number of initiatives in which we participate.

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Business conduct

As a responsible employer and manufacturing company, we are committed to upholding the highest standards of compliance, fairness, integrity, and transparency. Through clear governance structures, we ensure that we systematically comply with all legal and ethical requirements in order to guarantee lasting value creation.



Introduction and description of the IROs

As part of the materiality assessment → [see Double materiality assessment](#) Waelzholz identified the impacts, risks, and opportunities (IROs) that are material to the company in connection with our Business Conduct. The following table provides an overview of these IROs, their location in the value chain, and their time horizon.

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Overview of IROs: Business conduct

IROs	CATEGORY				VALUE CHAIN			TIME HORIZON		
	++	--	+	-	▲	🔄	▼	🕒	🕒	🕒
IMPACTS (I)										
Lack of identification with the job due to a lack of corporate culture		-				✓		✓	✓	✓
A clearly communicated and actively practiced corporate culture that allows employees to identify with the company and feel satisfied in their work		+				✓		✓	✓	✓
Protection of whistleblowers and increased likelihood of misconduct being reported and uncovered		+				✓		✓	✓	
Promotion of overarching infrastructure measures such as the development of the hydrogen infrastructure		+			✓	✓	✓		✓	✓
Contribution to stable supply chains as a reliable contractual and business partner for suppliers		++			✓	✓		✓	✓	✓
OPPORTUNITIES (O)										
First-mover advantage in sustainable energy procurement						✓				✓

upstream ▲ own operations 🔄 downstream ▼ <1 year 🕒 1–5 years 🕒 >5 years 🕒 actual positive ++ actual negative -- potential positive + potential negative -

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IMPACTS (I)

Lack of identification with the job due to a lack of corporate culture:

A lack of corporate culture can lead to employees not identifying with their jobs at Waelzholz. Further information on this impact is provided in the next section.

A clearly communicated and actively practiced corporate culture that allows employees to identify with the company and feel satisfied in their work:

Having a vibrant corporate culture that we actively put into practice and which fosters a sense of unity among our employees is extremely important to us. Regular company activities such as sports tournaments, team events, and company runs help promote team spirit and our employees' identification with the company. This carefully nurtured corporate culture ensures that our employees are satisfied over the long term and safeguards the future of the company and therefore also the future of the jobs within it. The positive impact occurs directly within the company and among the entire workforce.

Protection of whistleblowers and increased likelihood of misconduct being reported and uncovered:

We have established a comprehensive complaint management system that makes it easier for internal and external whistleblowers to report violations and risks throughout the supply chain. Critical matters and compliance violations can be reported at any time through various communication channels, including anonymously, if so desired. If we discover any violations, we impose sanctions and initiate appropriate countermeasures. This contributes to a positive working environment for all involved and, as a result, increases the likelihood that violations will be reported and uncovered. The positive impact of this system extends across our entire group of companies and supply chain, ultimately securing the company's future.

Promotion of overarching infrastructure measures such as the development of the hydrogen infrastructure:

Waelzholz is actively taking responsibility for the transformation process towards a climate-neutral future by pursuing the expansion of the hydrogen infrastructure. Furthermore, we are exploiting technical and commercial opportunities and using our innovative strength to reduce carbon emissions as much as possible during our transition to complete climate neutrality. The positive impact of these initiatives can be felt throughout the entire value chain.

Contribution to stable supply chains as a reliable contractual and business partner for suppliers:

We prioritize sustainability in our supply chains and pursue an ambitious approach to procurement. We work closely with our business partners to lay the foundation for sustainable business and production practices. Our Code of Conduct contains specific conduct and compliance requirements for suppliers. Promoting stable supply chains is a key factor in securing the company's future, which has a positive impact on the entire operation and value chain.

OPPORTUNITIES (O)

First-mover advantage in sustainable energy procurement:

Pursuing an early connection to the supply infrastructure for (green) hydrogen offers us the opportunity to take advantage of first-mover benefits in sustainable energy procurement. Thanks to the actions that have been demanded and supported by policymakers, our company will be able to reduce its carbon emissions and benefit from innovative technologies and state funding. At the same time, we are differentiating ourselves from the competition by taking a proactive approach, optimizing our costs, and taking a leading role in the industry over the long term.

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Corporate culture and business conduct policies

Despite its growing international presence, Waelzholz has retained the character of a medium-sized family-owned company. This is also reflected in the appreciation we show for each other and for all of our partners. Our values and culture are firmly enshrined in our company.

Company mission statement

In 2023, we launched a process involving management and staff to reformulate company policies around teamwork and collaboration, with the aim of strengthening a values-based and sustainable corporate culture across the organization. In the 2024 calendar year, we conducted international management training sessions in which the policies were discussed and finalized so that we can implement them structurally in the coming fiscal year through various communication channels.

Business ethics

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

Code of Conduct

Adherence to our Code of Conduct helps to communicate our corporate values to our employees and to provide them with clear guidelines for responsible and ethical behavior. This is also intended to strengthen the trust that our suppliers and business partners place in us.

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



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

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

• **Seminars and training**

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

• **Risk analyses**

We regularly conduct risk analyses to identify potential ethical risks and take appropriate action to mitigate them.

• **Supplier and business partner audits**

In accordance with the requirements of Germany's Supply Chain Due Diligence Act (abbreviated LkSG in German), the Purchasing and Legal/Compliance departments regularly conduct risk-based audits of suppliers and business partners to ensure that they also comply with the principles of our Code of Conduct. In this process, we also follow the

guidelines and benchmarks laid down in the international standards to which we have committed ourselves in our Code of Conduct. On this basis, we identify the risks that require assessment and monitor any deviations with the help of corrective action plans. We constantly keep an eye out for corruption-related risks, and we systematically monitor, review, and, if necessary, prosecute any suspicions or violations.

• **Implementation assessments**

Furthermore, we regularly assess the implementation of the Code of Conduct. The insights gained can be used to continuously improve the Code of Conduct and, if necessary, to take further measures to ensure its successful implementation → [see Management of relationships with our suppliers](#).

Whistleblowing system and protection of whistleblowers

In addition, in 2023, we established a comprehensive complaint management system to enable internal and external whistleblowers to report violations and risks throughout the supply chain. This allows critical matters and compliance violations to be reported anonymously via an externally operated reporting system.

To protect the whistleblowers, we implemented various actions when setting up the system. For one thing, the system does not allow access to metadata and we only receive the message itself and the time it was submitted. To prevent anyone from drawing any conclusions about the whistleblowers' language skills, when submitting a report, all of the words are automatically written in lower case. In addition, the whistleblower can choose to delay submission of the report to prevent any conclusions from being drawn about their computer use or time zone. Any further correspondence takes place exclusively via this external system, although the whistleblower is free to decide whether or not to respond. The system protects whistleblowers from retaliation by allowing them to submit information anonymously and by prohibiting internal searches that could lead to the subsequent identification of whistleblowers.

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Incoming reports are collected, evaluated, and, in serious cases, forwarded to the Executive Board. In the event of any violations, sanctions are imposed and appropriate countermeasures are initiated. Critical matters are reported directly to the Executive Board and the Legal Department. Matters that are also considered critical by the Executive Board from an operational, strategic, or legal perspective are presented in detail to the chair of the shareholders' meeting and shared with the Supervisory Board, ensuring that information flows promptly and that swift action can be taken.

Information about the whistleblowing system and the ability to submit reports anonymously is available on the company intranet. Detailed instructions on how to submit a report in anonymized form can be found on the reporting system's start page.

Our compliance officer is the first point of contact for any matters related to the whistleblowing system. In addition, an external ombudsman is available. This individual is a specialized attorney in commercial criminal law and is both independent and bound to secrecy.

Waelzholz currently does not have a dedicated policy in place regarding the protection of whistleblowers. We do, however, plan to introduce a policy on how to handle information and how to protect whistleblowers by the end of the 2024/25 fiscal year.

Transparent communication

Transparent communication and the exchange of ideas and opinions between the employees of the Waelzholz Group across all levels of the hierarchy have been an integral part of our corporate culture since the company was founded. In addition to the company-tours by decision-makers and a general open-door policy, the following institutionalized communication formats are in place:

- The representation of employee interests by elected representatives on works Councils and employee and youth representative bodies
- The "Waelzholz Dialog" format, in which discussions are organized at regular intervals between employees, heads of HR and the Executive Board
- Events such as company celebrations, work anniversaries, and holiday parties, which offer opportunities for informal exchange
- Our well-established culture of holding meetings on specialized topics of all kinds

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Management of relationships with suppliers

We maintain close partnerships with our suppliers and consider transparency, reliability, and sustainability to be of the utmost importance. Together with our partners, we are creating a responsible supply chain that meets our ethical and environmental standards.

Code of Conduct for Suppliers

Waelzholz expects its suppliers to support fundamental principles and labor rights. In addition, we have codified our procurement policies in a Code of Conduct (CoC), which all our suppliers must adhere to. In the Raw materials and energy area of procurement, the percentage of active suppliers that have signed our CoC or published their own comparable CoC has once again exceeded 90 percent. In the Capital goods and Services and consumables areas of procurement, we actively demanded compliance with our CoC for every order.

Further details on our principles and the CoC for suppliers, including how it is monitored and implemented, can be found in → [Working conditions and other work-related rights](#).

Environmental management system on the part of suppliers

In addition to agreeing to our CoC for suppliers, we expect our suppliers to have a documented environmental management system in accordance with international standards (e.g., ISO 14001) in place, in addition to general and industry-specific quality management certifications.

Risk mitigation and transparency

We are constantly striving to increase transparency in all of our dealings with business partners, including suppliers and service providers such as contractors, consultants, and customs agents, in order to minimize procurement risks. The strategies we use to minimize potential procurement risks include the "local-for-local" approach and avoiding single sourcing. The associated risk matrix is based on the guiding principles and benchmarks laid down in international standards, which we have committed to uphold in our Code of Conduct, and is regularly reviewed.

In addition, we source raw materials exclusively from approved and/or certified suppliers. In the case of new energy suppliers, we have an internal rule in place that an order will only be placed if the supplier in question has certifications that are accepted by Waelzholz. In this context, the certifications for all suppliers in the Raw materials and energy

procurement area are managed centrally. As we also want to promote safe and fair working conditions in our value chain, we work primarily (over 90 percent of our purchasing volume) with suppliers who are bound by collective bargaining agreements and offer conditions that have been negotiated as part of a collective agreement between the unions and employers' organizations.

Approximately 80 percent of our total procurement volume and therefore the majority of our suppliers are audited annually in accordance with our audit plan. As part of this process, we conduct the following, among other activities:

- Systematically document our suppliers' certifications
- Review the validity period and expiration dates of said certifications
- Demand that suppliers renew expired certifications

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

Procurement policy of Waelzholz Brasmetal

Our Brazilian site, Waelzholz Brasmetal, has a procurement policy in place that serves as a guideline for the purchase of raw materials, consumables, packaging materials, and capital goods. It aims to

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ensure that resources are used efficiently, to provide transparency, and to enable safe, secure, and compliant transactions. The policy applies to all of the site's employees and managers. Adherence is monitored via the ERP system, where deviations are documented and, if necessary, submitted to the Governance Committee for evaluation.

The Head of Purchasing and the relevant superior are responsible for implementation. Employees were involved in the development of the policy and receive regular training and information on it.

Suppliers must also agree to the group's code of ethics. In addition, suppliers at the Brazilian site are also selected on the basis of strict criteria that include environmental and social aspects. Suppliers must provide evidence of compliance with environmental laws and labor standards, supported by audits and regular risk assessments.

Local procurement and supplier selection

While Waelzholz's production facilities are located in Germany, China, and Brazil, our main site in Hagen, Germany, is responsible for the procurement of raw materials and capital goods. Operational handling and negotiations, on the other hand, take place at the respective production sites, as supporting the

local economy and reducing our carbon footprint are extremely important to us. For these reasons, we prefer that each of our production sites¹ sources locally.

Political influence and lobbying activities

We want to participate in political processes in a transparent and responsible manner. Our activities are aimed at promoting sustainable economic conditions that are consistent with our corporate values.

Activity in trade associations and industry organizations

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

Hans-Toni Junius, chair of the Waelzholz Board of Trustees, has been chair of the BDI/BDA SME

Committee since April 1, 2015, where he advocates for forward-thinking reforms in Germany and the European Union. In addition, the Executive Board is actively represented in the steering committee and



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

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in the general meeting of the Wirtschaftsvereinigung Stahl- und Metallverarbeitung (WSM) e.V. (the German trade association for steel and metal processing).

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

As one of the largest employers in Hagen, Germany, where the company is headquartered, Waelzholz's voice also carries weight in local politics. As such, it is important to us that we stay in contact with local politicians.

Financial donations and contributions in kind

The company did not donate any funds or contributions in kind to political parties in the 2023/24 fiscal year (FY). In Germany, the company spent a total of 171,206 euros on membership fees for professional

and industry associations. The company did not spend any further amounts on internal or external lobbying activities.

Memberships in organizations

In FY 2023/24, Waelzholz was a member of the following organizations, among others:

- General German Automobile Club (ADAC)
- Hagen General Hospital
- Fachvereinigung Kaltwalzwerke e.V. (industry association of the German cold rolling industry)
- Association for the Promotion of German Industry
- Institute for Manufacturing Research
- Employers' Association of the Metal and Electrical Industry Baden-Württemberg (Südwestmetall)
- Unternehmerverein Hagen e.V. (Hagen Business Owners Association)
- Association of the German Spring Industry (associated)
- German Association for Safety, Health, and Environmental Protection at Work (VDSI)
- Wirtschaftsvereinigung Stahl- und Metallverarbeitung e.V. (German trade association for steel and metal processing)

Community involvement

We are active sponsors and supporters of local and regional sports clubs and cultural associations, as well as research institutes. We have also worked closely with the integration organization Pro Integration gGmbH for many decades. This organization is committed to supporting and empowering young people for the primary labor market and is a major supplier of wooden pallets and sleds within the Waelzholz Group.

Payment practices

The terms of payment at the three sites in Germany, Brazil and China differ depending on the type of service purchased (material, service, etc.) and are in line with the respective market standards.

The company is currently not involved in any legal proceedings due to late payments.

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ESG strategy on the material topic: Climate change

TARGET	ACTIONS	KPIS/METRICS	TIMING
Complete a detailed climate assessment (encompassing Scope 1–3 emissions) according to the cradle-to-gate approach	Determine CCFs/PCFs at the company's Brazilian site (global accounting standard)	t CO ₂ e	2024
	Determine CCFs/PCFs at the company's Chinese site (global accounting standard)	t CO ₂ e	2025
Achieve climate neutrality by 2045 (according to the climate roadmap) (deviation: climate neutrality at the Brazil site by 2050)			
Reduce absolute CO ₂ e emissions – company carbon footprint (CCF) - by 30 percent CO₂e by 2030/31 - to 0 tCO₂e by 2045/46 (baseline year: 2018/19)	Define roadmaps with actions to reduce CO ₂ e emissions intensity in Scope 1-3 for all of the company's international locations	Roadmap with concrete actions (yes/no)/tCO ₂ e/t sold	2025
Reduce relative CO ₂ e emissions – product carbon footprint (PCF) - In Scopes 1 and 2: by 45 percent by 2030/31 to 79 kg CO₂e/t sold (baseline year: 2018/19) - In Scopes 3 and 2: by 30 percent by 2030/31 to 1,821 kg CO₂e/t sold (baseline year: 2018/19)	Formulate concrete targets for the sale of products with reduced CO ₂ e emissions	Supplied CO ₂ e emissions reduction in t	2024
	Specifically procure/source raw materials with reduced carbon emissions (steel products)	Quantities of purchased raw materials (metal products) with reduced carbon emissions in tons	2030
Utilize 100 percent ¹ renewable energy sources by 2030 (electricity Scope 2)	100 percent use of electricity from renewable energy sources by 2030. Utilize 100 percent green hydrogen in production as soon as political action has been taken to expand the infrastructure, in accordance with our roadmap	Percent of the total consumption of electricity and fuels in production	2030

¹ 40 percent by the end of 2022

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ESG strategy on the material topic: Pollution

TARGET	ACTIONS	KPIS/METRICS	TIMING
Minimize the environmental footprint of our business activities	Continue to perform cradle-to-gate analysis of our products in terms of relevant environmental indicators such as air pollutant emissions (NO _x emissions), ecotoxicity (water discharge), ecosystem quality, impact assessments, etc., and expand to other locations worldwide	Relevant environmental indicators	2027
	Identify potential improvements, particularly in relation to air and soil pollution and the handling of hazardous substances (chemicals management) from the ISO 14001 certification audit reports and initiate appropriate actions at all locations worldwide	Potential improvements identified/initiated actions	Annually/regularly following certification/recertification

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ESG strategy on the material topic: Water resources

TARGET	ACTIONS	KPIS/METRICS	TIMING
Reduce fresh water withdrawal	Identify potential improvements, particularly in relation to water consumption/fresh water withdrawal (if applicable from the ISO 14001 certification audit reports), and initiate corresponding actions	Potential improvements identified/initiated actions	Annually
Improve wastewater management	Identify potential improvements, particularly in relation to water consumption/fresh water withdrawal (if applicable from the ISO 14001 certification audit reports), and initiate corresponding actions	Potential improvements identified/initiated actions	Annually

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ESG strategy on the material topic: Resource use and circular economy

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

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ESG strategy on the material topic: Own workforce

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

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ESG strategy on the material topic: Own workforce

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

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ESG strategy on the material topic: Own workforce

TARGET	ACTIONS	KPIS/METRICS	TIMING
Increase diversity at the company	Implement recruitment processes geared towards women, especially for management positions (draft a corresponding recruitment policy)	Number of women in the workforce and in management positions	2025
	Implement equal pay at international locations	Gender pay gap	2026
	Establish a diversity management program	Established (yes/no)	2024

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ESG strategy on the material topic: Business conduct

TARGET	ACTIONS	KPIS/METRICS	TIMING
Establish sustainability as an integral part of the corporate culture	Sustainability reporting in accordance with the ESRS	Reporting	For the first time in 2024 (annually thereafter)
	Conduct regular training for employees on sustainability topics (carbon footprint, etc.)	Percentage of trained employees	Annually
	Promote innovative material solutions for fields undergoing sustainability transformation (i.e., the energy and mobility transition)	Innovation rate: percentage of total revenue generated by new products (in the last three years)	Annually
Develop a values-based and sustainable leadership culture	Communicate the new company mission statement	Implemented (yes/no)	2024

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ESG strategy on the material topic: Business conduct

TARGET	ACTIONS	KPIS/METRICS	TIMING
Ensure legally compliant behavior – prevent violations of the law	Conduct compliance training on a regular basis	Number of trained employees	Annually
	Implement and assign responsibility for global compliance and sustainability standards across the group	Number of group-wide policies implemented	2025
Fully comply with legal ESG requirements	Prepare CSRD-compliant ESG reporting by the deadline	Reporting	For the first time in 2025 (annually thereafter)

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ESG strategy on the material topic: Business conduct

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

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C.D. Wälzholz GmbH & Co. KG

Feldmühlenstr. 55
58093 Hagen, Germany
Phone: +49-2231-964-0
info@waelzholz.com
www.waelzholz.com

Commercial register no.

Hagen HRA 1920

General partner

C. D. Wälzholz Verwaltungs GmbH,
Commercial register: Hagen HRB 3721

Executive Board

Dr.-Ing. Heino Buddenberg
Dipl.-Kfm. Holger Bierstedt
Henrik Caspar Junius, M. Sc.

Contact

Dipl.-Kfm. Holger Bierstedt, CFO
Phone: +49-2331-964-0
sustainability@waelzholz.com

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The cover image was created with the help of artificial intelligence. The stylized coil in the foreground represents the diversity and customer-specific individuality of our high-quality steel materials. The wind turbines in the background emphasize the importance of our products for the transformation.

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