

Declaration of conformity 2023

Schäfer Metallurgie GmbH

Indicator set

GRI SRS

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Indicator set

The declaration was drawn up in
accordance with the following reporting
standards:

GRI SRS

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General

General Information

Describe your business model (including type of company, products / services)

SCHÄFER Metallurgie GmbH is a globally active, medium-sized company specialising in the production of foundry auxiliary agents for light and heavy metal foundries. We concentrate on the manufacture of metallurgical preparations that are used as auxiliary materials in production and are applied in various casting processes such as die casting, mould casting, sand casting and continuous casting. Our products are used for the treatment of melts regarding cleaning and metallurgical modification, the removal of foreign metals, the reduction of the metal content in the dross, the improvement of metal treatment processes and the maintenance of the functionality and service life of the furnaces. Product innovations and the continuous further development of existing products are among our strengths. Competent and individual metallurgical advice and the development of special products for customised solutions round off our product and service portfolio.

Additional remarks:

SCHÄFER Metallurgie GmbH is a family business that was founded over 100 years ago. From the very beginning, it has pursued the goal of making the work of foundries easier through high-quality products and excellent service. Our quality and environmental management has been certified to ISO 9001 and ISO 14001 for many years. The principle of continuous improvement anchored there is reflected both in our quality efforts and in our sustainability strategy.

These certificates can be [downloaded](#) from the SCHÄFER Metallurgie GmbH homepage.

CRITERIA 1–10: SUSTAINABILITY POLICY

Criteria 1–4 concerning STRATEGY

1. Strategic Analysis and Action

The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.

Schäfer Metallurgie GmbH has integrated sustainability into its overarching corporate strategy. The responsible alignment of production with the needs, interests, wishes and individual requirements of our customers and employees, as well as with the requirements resulting from modern environmental and climate protection, is at the centre of all strategic and operational activities right from the start. To ensure the long-term success of the company, the issue of sustainability must be approached strategically and holistically. We adhere to the 3 P principle (People, Planet, Performance) and give equal consideration to ecological, economic and social aspects when making business decisions. We have extended the continuous improvement process anchored in our quality and environmental management system to include operational sustainability. It serves as the basis for the continuous further development of sustainability, quality and occupational health and safety approaches. We see this as an opportunity to rethink and optimise established processes and adapt them for future viability.

Following a strategy process, our quality and environmental policy was expanded to include the sustainability issues which were jointly defined by the sustainability team in a workshop based on the United Nations' Sustainable Development Goals (SDGs).

We have identified the following fields of action:



In each field, we assessed the status of operational sustainability and defined target visions, projects and implementation initiatives. The annual meeting of the quality and environmental management committee (QEM committee for short) now also focusses on integrated sustainability to actively drive the topics forward.

Our sustainability strategy is based on recognised norms and standards. We use the United Nations' Sustainable Development Goals (SDGs) as authoritative guidelines. When reporting on our sustainability activities, we are guided by the standard of the German Sustainability Code and therefore also cover the criteria and performance indicators of the Global Reporting Initiative. We observe other general standards within the individual areas of activity. We comply with national laws and regulations and observe the United Nations' Universal Declaration of Human Rights, the Children's Rights and Business Principles, the UN Guiding Principles on Business and Human Rights and the international labour standards of the International Labour Organization (ILO). In the field of action "Planet", our environmental management system is also certified in accordance with ISO 14001 and we are guided by the Greenhouse Gas Protocol when preparing a CO₂ balance sheet.

2. Materiality

The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.

As a manufacturer of foundry auxiliary agents, Schäfer Metallurgie GmbH is part of the light and heavy metal foundry industry. We are not only influenced by the public climate debate, politics and relevant legislation, but also by our customers in particular. The foundry industry is changing. Due to energy and

material-intensive production, sustainability is becoming more of a focus. More and more foundries (customers) are focussing on sustainable management, reducing energy and material consumption as well as CO₂ emissions.

The demands on us as a supplier are changing accordingly. The Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz) at national level and European requirements such as the planned Corporate Sustainability Due Diligence Directive (CSDDD) will also affect us indirectly. Global crises, a shortage of skilled labour and changing workplace requirements pose additional challenges.

We examined the 17 SDGs for their relevance to our company and, in discussions with the 7-member sustainability team (managing director, shareholders, quality and environmental management, sales, purchasing and production management, management assistant), identified the areas in which our company has a significant impact on the fields of action of sustainability (inside-out). By including the stakeholder perspective, we have mapped the external perspective (outside-in). The sales and production managers played a key role in this, as they are closely linked to the customer stakeholder. The results of the materiality assessment are summarised below:

- SDG 3 Good health and well-being
- SDG 4 Quality education
- SDG 7 Affordable and clean energy
- SDG 8 Decent work and economic growth
- SDG 9 Industry, innovation and infrastructure
- SDG 12 Responsible consumption and production
- SDG 13 Climate action



Taking into account the goals and the measures already implemented, priority topics are defined annually and assigned to the individual fields of action and key SDGs.

As an introduction to the materiality workshop, we carried out an opportunity and risk analysis with the following results.

Opportunities	Risks
Maintenance of machinery	Dependence on raw materials
Innovation	Suppliers: Quality
Increase customer sustainability (reduce metal losses)	Energy price development
Expansion of machine data collection (consumption, machine performance)	Shortage of skilled labour
Expansion of noise and air pollution measurements	Candidate List of substances of very high concern
	Legal requirements of REACH
	Availability of container transport overseas

In our quality and environmental management, we systematically address the opportunities and risks identified. Internal audits are used to define and review measures.

3. Objectives

The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.

We agreed medium and long-term sustainability goals in further joint workshops with the management, department heads and project managers. The prioritisation of key topics was based in particular on the factors of urgency and feasibility. We were also guided by the 3P fields of action (People, Planet, Performance) and the SDGs and took the Zukunftsinstitut's megatrends into account.

The presentation of the goals does not represent a prioritisation. Rather, all goals are intended to help SCHÄFER Metallurgie remain economically successful in the long term while assuming social and ecological responsibility.

Our sustainability goals:

Field of action "People":

We are an attractive employer that systematically ensures the professional and personal development of its employees - this enables us to find and retain skilled labour. (SDG 4)

- Training days per employee (target value: > 2 days per employee per year / target date: annually)
- Staff turnover rate (target value: < 10% / target date: annually)

We are a role model in occupational health and safety, ensure a safe working environment for our employees and work continuously to reduce dust pollution. (SDG 3)

- Number of accidents at work (target value: 0 / target date: annually)
- Reduce dust emissions (target value: reduction of 10% / target date: 2028)
- Replacement of lighting in the administration building (target date: 2025)

We all see sustainability as an opportunity for optimised and cost-efficient internal processes and as a clear competitive advantage. (SDG 4)

- Establishment of an employee suggestion system (target date: 2026)
- Integration of sustainability training into the training plan (target value: at least 1 sustainability training course per year / target date: from 2025)

Field of action "Performance":

For us, digitalisation means: 100% recording of internal processes and introduction of sustainability KPIs, including transfer to controlling. (SDG 9)

- Development of a central database for key figures (target date: 2025)
- Paperless office by using ERP system, DMS, digital maintenance software (target value: reduce paper consumption by 5% / target date: 2028)

We keep our supply chain transparent. We question and check our suppliers for compliance with human rights and working conditions. (SDG 8)

- Acknowledgement of our Code of Conduct
- (target value: 100% of A and B raw material suppliers agree / target date: 2024)
- Acknowledgement of our Code of Conduct (target value: extension to C raw material suppliers, packaging suppliers, etc. / target date: 2026)
- Identification of the upstream value chain and development of a concept for monitoring compliance with sustainability criteria along the value chain (target date: 2027)

We systematically integrate sustainability aspects into product development. (SDG 9)

- Expansion of the range of label-free products (target date: ongoing)

Field of action "Planet":

We work in a clean and cycle-orientated company. (SDG 12)

- Optimisation of the concept for carrying out and evaluating dust measurements (target date: 2026)
- Continuation of the expansion of systems for material recycling and dust reduction (target date: ongoing)

We create transparency in our carbon footprint and adhere to the principle of "avoidance before reduction before compensation" of CO₂ emissions. (SDG 13)

- CO₂ equivalents Scope 1 and 2 (target value: avoidance of CO₂ emissions by switching to green electricity / target date: 2024)
- Lighting in the administration building: switch to energy-saving LEDs (target date: 2025)
- Energy consumption per tonne produced (target value: reduction of 5% / target date: 2028)

The goals are quantified and assigned to the corresponding fields of action and SDGs in the annual quality and environmental programme, which is drawn up

by the management in collaboration with the QEM committee and employees. The degree of fulfilment is monitored in regular meetings, but at the latest in the management review.

4. Depth of the Value Chain

The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.

The life cycle approach is part of our quality and environmental management system and is supplemented by sustainability criteria. We are aware of the environmental and social challenges at each stage of the value chain and initially focus on our own business area and direct suppliers. In order to utilise further sustainability potential, we are working on concepts to influence social and ecological aspects along the entire value chain together with our stakeholders. With its responsible organisation, SCHÄFER Metallurgie wants to make its contribution to the protection of human rights, the preservation of the environment and fair trade, as well as strengthening corporate resilience.

Stage 1 Development

The development and further development of our products make a positive contribution to achieving our sustainability goals. For example, material efficiency can be optimised both within the company and at the customer's premises, or the use of hazardous raw materials can be reduced or avoided by substituting materials.

Stage 2 Procurement

Various sustainability aspects play a role when purchasing raw materials. For example, attention is paid to the shortest possible transport routes, the efficient utilisation of existing transport capacities and compliance with relevant regulations (e.g. REACH regulation). We focus on long-term business relationships with our suppliers and drew up a Code of Conduct for business partners in the reporting year. In future, its acknowledgement and compliance will form part of the annual supplier assessment. The integration of further sustainability aspects into our supplier management processes is planned.

Stage 3 Production

In the area of production, our sustainability focus is on the resource-saving use of materials, occupational health and safety and optimising energy efficiency. Various projects to reduce emissions such as dust, noise and energy are already being implemented.

Stage 4 Shipping/transport

We are continuously working to reduce packaging materials as much as

possible. Our products are transported to customers using a wide range of transport options. For FCA deliveries, we strive to maximise the utilisation of loading capacities and work with environmentally friendly shipping companies.

Stage 5 Utilisation

Our products are auxiliary agents. They are not a main component of our customers' foundry products but have an influence on the characteristics of the molten metal. These modified properties lead to more durable and more stress-resistant castings. The proportion of secondary aluminium used can be increased and the metal content in the dross (oxidic impurities) thus reduced. Material and energy savings are the positive consequences. A concept for increased dialogue on sustainability aspects is currently being developed.

Criteria 5–10 concerning PROCESS MANAGEMENT

5. Responsibility

Accountability within the company's management with regard to sustainability is disclosed.

The central responsibility for sustainability lies with the managing director. Sustainability issues are also very important to the shareholders, and they make suggestions and set guidelines for the management. Sustainability management is passed on to the operational area with the help of transparent processes. The management is supported by the quality and environmental management representative (QEMR), who is the contact person for the employees. Targets are derived from the sustainability strategy and quantified together with the department heads in the annual quality and environmental programme. By involving employees in the preparation process, they are made aware of the topic.

Our integrated management system is audited internally and externally on an annual basis in accordance with the ISO 9001 and ISO 14001 standards. Potentials resulting from the audits are processed according to the plan-do-check-act cycle. Implementation and effectiveness are monitored in regular meetings and the management review. At a strategic level, sustainability is discussed in the quarterly meetings with the shareholders.

6. Rules and Processes

The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

To implement the sustainability strategy in the company, the process regulations and standards anchored in the company should be utilised. The company is certified in the areas of quality management (ISO 9001) and environmental management (ISO 14001) in accordance with the International Organisation for Standardisation. Responsibilities in the integrated management system are defined within the organisation. The QEM manual is digitally accessible to all employees and contains process descriptions, procedures and work instructions.

The integration of the sustainability strategy into the core processes of the process landscape ensures successful implementation. In the reporting year, we began to systematically review our internal processes step by step with regard to their sustainability impact. The turtle model serves as the basis, which we have expanded to include the element of sustainability. Internal rules such as the Code of Conduct for employees, the works rules and instructions are binding for all employees and regulate respectful coexistence within the company, respectful dealings with business partners and responsible behaviour towards the environment.

In order to promote awareness of sustainability-related issues in our operating business, we also draw up guidelines for direct stakeholders that are assigned to individual process steps. The Code of Conduct for Business Partners is an instrument for passing on the issues along the supply chain.

7. Control

The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.

We would like to organise the planning and monitoring of sustainability performance indicators centrally via the existing quality and environmental management system. The definition of quantitative and thus qualifiable key figures is still being finalised, but various indicators have already been determined and assigned to the respective fields of action. With the Sustainable Code declaration, the sustainability key performance indicators (KPIs) are now also regularly measured and merged with the existing key figures.

Field of action "People": accidents at work, training hours, employee sick days, staff turnover, donations.

Field of action "Planet": Energy consumption, water consumption, waste weight, greenhouse gas emissions (Scope 1 and 2, determined for the first time in the reporting year).

Field of action "Performance": economic growth and business development (e.g. sales, R&D expenditure, labour cost intensity), analysis of customer satisfaction, complaints.

The effectiveness and progress of sustainability efforts are reviewed in regular meetings (QEM committee meetings, quarterly meetings) and in internal audits. The quantitative sustainability targets are documented in the quality

and environmental programme and are evaluated in the management review at the latest.

To ensure the reliability and consistency of the performance indicators, there are plans to set up a central database for sustainability KPIs. In addition, responsibilities are to be defined and process instructions for data collection and evaluation are to be drawn up. The data should be compared over several years in order to visualise potential savings and special requirements.

Key Performance Indicators to criteria 5 to 7

Key Performance Indicator GRI SRS-102-16: Values

The reporting organization shall report the following information:

a. A description of the organization's values, principles, standards, and norms of behavior.

Values are part of our daily actions. These include

- Trust
- Mutual respect
- Reliability as an employer and business partner
- Responsibility towards employees, business partners and the environment
- Active codetermination

We respect the individuality of each person and treat each other with respect. Our dealings with colleagues and external communication with stakeholders are based on standards of behaviour. The Code of Conduct for Employees contains principles on social and environmental responsibility and on behaviour towards competitors, business partners and third parties. It is binding and accessible for all employees. In addition, we have summarised guidelines in the Code of Conduct for Business Partners, which we consider to be fundamental to a partnership-based relationship.

Our quality and environmental management system is certified in accordance with ISO 9001 and ISO 14001 and fulfils the corresponding requirements.

8. Incentive Systems

The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).

Employees' wages and salaries consist of fixed wages and salaries. In addition to the basic salary, we pay a 13th month's salary and holiday pay if the company's economic situation permits. The decision is made by the management together with the shareholders depending on the previous year's positive financial result. There are no remuneration components that are explicitly linked to sustainability criteria and none are currently planned.

Employees in administration and production management (47.4% of the workforce in total) receive a share in profits, while production employees (52.6%) receive a bonus. The amount of this voluntary payment is determined annually by the management and shareholders depending on the company's performance.

All employees can take advantage of an occupational pension scheme in which salary or wage components are converted, thus building up a pillar of retirement provision. Asset-building benefits are also offered to all employees.

Since 2023, we have been encouraging our employees to use public transport to get to work and pay a subsidy for the DeutschlandTicket.

Key Performance Indicators to criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:

- i.** Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;
- ii.** Sign-on bonuses or recruitment incentive payments;
- iii.** Termination payments;
- iv.** Clawbacks;
- v.** Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.

b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

Remuneration components of the employment groups

Employees in administration (incl. managing director) and production management:

- Basic salary
- Share in profits
- Voluntary payments (13th monthly salary, holiday pay)
- Pension scheme (occupational pension scheme with deferred compensation, asset-building benefits)

Production employees:

- Basic wage
- Voluntary payments (13th monthly salary, holiday pay, performance-related bonus)
- Pension scheme (occupational pension scheme with deferred compensation, asset-building benefits)

Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

Quantitative compensation figures are not published for reasons of competition and confidentiality.

9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

Identification of stakeholders

The interested parties are a very important part for determining the context of an organisation in terms of the ISO management system standards. Regular stakeholder analyses are therefore of great importance.

We update the interested parties relevant to us annually in a QEM committee meeting, which is attended by the management, the QEMR and the managers of the individual departments. We set priorities and collate the individual expectations. We also consider the opportunities and risks associated with the individual persons or organisations. Findings from existing analyses or dialogues with stakeholders are incorporated into the analysis. A comparison with existing regulations in our management system shows whether and where there is still a need for action.

The shareholders and employees were identified as the most important internal stakeholder groups. Both groups have a major influence on the company and a high level of interest in sustainability, which is also reflected in their motivation and commitment to the topic. Important external stakeholder groups are our customers, representatives and suppliers. Sustainability-related aspects and requirements are increasingly being brought to our attention, particularly on the customer side. We have also identified other interested parties as relevant. These include authorities, the German Social Accident Insurance Institution for the raw materials and chemical industry (BG RCI), insurance companies, neighbours, the city of Hennef, project partners in

research and development, legislators and associations.

Stakeholder dialogue

In our company, we value regular dialogue and open communication. The dialogue with employees takes place in particular via the respective managers and the HR department. They are involved, for example, in prioritising topics, evaluating environmental aspects or on a project -specific basis. The shareholders are actively involved in shaping the sustainability strategy and setting goals and issue instructions where necessary. The managing director is responsible for communicating with them. This takes place via monthly reporting and the quarterly meetings. The regular meetings also serve as an opportunity for all internal stakeholders to exchange information. In particular, the status of individual projects is discussed, priorities are set, and ideas and suggestions are discussed.

The sales department is the point of contact for customers and representatives, while the managing director provides technical advice. Communication takes place via personal visits, e-mail, telephone and video conferences. We regularly conduct customer surveys to obtain feedback on our company, products and sustainability issues. The purchasing department is responsible for communication and meetings with suppliers. The [Code of Conduct](#) for Business Partners serves to promote awareness of sustainability-related issues in the operational business and along the supply chain.

The International Foundry Trade Fair (GIFA) takes place every four years, which we use as a platform for exchange with customers, representatives, suppliers and interested parties.

The results of the stakeholder dialogue are integrated into our quality and environmental management, and measures are regularly developed. The aim here is to optimise the internal flow of information so that the content can be shared promptly across departments right up to the management level.

Key Performance Indicators to criteria 9

Key Performance Indicator GRI SRS-102-44: Key topics and concerns

The reporting organization shall report the following information:

- a.** Key topics and concerns that have been raised through stakeholder engagement, including:
 - i.** how the organization has responded to those key topics and concerns, including through its reporting;
 - ii.** the stakeholder groups that raised each of the key topics and concerns.

The results of the stakeholder dialogues show that the importance of sustainability issues is increasing. For employees, job security, reliable wage and salary payments and the sustainable organisation of workplaces are particularly important concerns. The shareholders consider securing long-term economic success, working conditions and a positive image of SCHÄFER Metallurgie GmbH as a sustainable company to be relevant issues for the company's strategic direction. Customers' key concerns are high-quality products, certified management systems, the fulfilment of human rights due diligence obligations and competent technical advice, including on the sustainability performance of our products. General enquiries about our commitment to sustainability, CO₂ emissions or acknowledgement of customer codes of conduct are steadily increasing.

10. Innovation and Product Management

The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

SCHÄFER Metallurgie GmbH is a medium-sized family business that has been offering and securing jobs for over 100 years. We attach great importance to long-term employment relationships, and we ensure high standards for our employees, for example in the areas of occupational safety and work-life balance. Reliability and building long-term relationships with our business partners are also particularly important to us. The ecological impact of product manufacturing relates primarily to the storage and handling of hazardous substances and dust emissions. The measures taken in this context are described in the following chapters.

The success of a casting depends crucially on the quality of the melt. This is where the social and ecological effects of product utilisation come in. Our products serve to improve the purity of the metals and the metal treatment processes, which reduces the metal content in the dross, reduces the reject rate and increases the proportion of secondary aluminium. The result is cast parts that are more durable and more resistant to stress. This optimises the use of materials and energy and simplifies the work steps in the casting and finishing process. Other Schäfer products aim to maintain the functionality of the melting furnaces and extend their service life. The social and ecological effects are also described in criterion 4 in the individual stages of the value

chain.

The continuous development and further development of products is an indispensable goal for us. Ideas are generated through the internal exchange of ideas, the development of solutions for customer-specific problems and requirements, membership of working groups and collaboration with universities. Our research and development department is the point of contact for internal and external stakeholders. Projects and ideas are presented and discussed at our regular and quarterly meetings.

We have defined sustainability criteria for our development process, which must be observed at every stage of the process. We carry out substitution tests, prioritise materials that improve working conditions by reducing dust emissions or have a lower environmental impact where possible and replace raw materials and supplies with more sustainable, equivalent alternatives. For example, we have developed the first products without GHS labelling that fulfil all quality and effectiveness requirements. More are to follow. Customer surveys, which are carried out at regular intervals, confirm our innovative strength.

On our initiative, research projects have been and are being carried out that are subsidised by the Federal Ministry of Research. These joint projects are characterised by close cooperation with foundries, foundry suppliers and universities. Most of the research questions focus on the resource-efficient production of cast parts.

If a customised special product is to be developed, the customer is involved in every step. We pay attention to a sustainable approach as early as the definition and analysis of requirements in order to optimise the positive contribution during the usage phase.

Key Performance Indicators to criteria 10

Key Performance Indicator G4-FS11

(report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening.
(Note: the indicator should also be reported when reporting to GRI SRS)

We have hardly any financial assets. In terms of materiality, we do not see any focus here and therefore do not carry out an assessment.

Criteria 11–20: Sustainability Aspects

Criteria 11–13 concerning ENVIRONMENTAL MATTERS

11. Usage of Natural Resources

The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.

Various resources are used for our business activities at our company location.

In the reporting year, we processed 2,464 tonnes of raw materials to manufacture our products. Energy requirements are divided into electricity and natural gas for heating and totalled 264,879 kWh of electricity and 92,849 kWh of natural gas in 2023. We obtain water from the local supplier. It is used as drinking water, for the sanitary facilities, for cleaning purposes and as a raw material. Water consumption in the reporting year totalled 322 m³. Fossil fuels are used for the fleet.

SCHÄFER Metallurgie GmbH has a certified environmental management system, which means that we also have extensive knowledge of waste and its hazard classes. We pay attention to correct waste separation and disposal, not least because of the use of hazardous substances. We receive data on the quantities and types of waste from the authorised waste disposal companies. We are not currently provided with information on the exact disposal process and emission values. Waste amounting to 88.8 tonnes was generated in 2023.

12. Resource Management

The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.

Optimising our resource efficiency is a fundamental part of our sustainability strategy. The focus here is primarily on material and energy efficiency. The targets can be found under criterion 3 Objectives. Information on target achievement will be provided in subsequent years.

We have set ourselves the related operational targets of reducing energy consumption per tonne produced by 5% by 2028, reducing paper consumption by 5% by 2028 and continuing to expand our systems for material recycling and dust reduction.

Several approaches are being pursued to optimise material consumption. We pay attention to the use of raw materials as early as the product development stage and consider the entire product life cycle. In order to reduce consumption within the company, we are continuously expanding the closed material recycling system. In this way, materials are reused in the production process and dust emissions are reduced at the same time. As part of the digitalisation project, measures such as the electronic dispatch of order-related documents via the ERP system and the introduction of a document management system have already been implemented. As a result, the consumption of business stationary was reduced by around 30% in the reporting year compared to previous years. The expansion of digital support for training and instruction, maintenance and servicing is in progress.

Monitoring and analysing our energy consumption will help us identify and implement new savings and optimisation potential. When making new acquisitions or purchasing spare parts, energy efficiency must be taken into account as a criterion. The lighting in the production area has already been converted to energy-saving LEDs, and the replacement in the administration is planned by 2025. Since 2019, we have been using the compressor waste heat to generate hot water and heat the production halls. In 2021, the old heating system was also replaced with an energy-saving model. An ongoing project deals with machine performance and optimising electricity load management. In order to reduce the environmental impact and CO₂ emissions of electricity consumption, we will also switch to green electricity in 2024.

The opportunity- and risk-based approach is anchored in our certified quality and environmental management system. Systematically analysing our environmental performance and environmental risks and deriving measures are an important aspect of this. The greatest risks include the handling of hazardous substances and waste as well as dust emissions. The opportunity and risk matrix is updated annually and as required. Forward-looking safety concepts are developed and implemented in cooperation with authorities and service providers. Regular trainings for employees promote environmental awareness and responsible behaviour. Opportunities and risks in connection with resources and the environment can also be found in the opportunity/risk analysis presented in criterion 2, which was carried out at the beginning of the

materiality workshop.

Key Performance Indicators to criteria 11 to 12

Key Performance Indicator GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:

- i.** non-renewable materials used;
- ii.** renewable materials used.

The main materials used in the reporting year 2023 are

- 994 tonnes of industrial rock salt
- 701 tonnes of potassium chloride
- 277 tonnes of sodium carbonate

Key Performance Indicator GRI SRS-302-1: Energy consumption
The reporting organization shall report the following information:

- a.** Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.
- b.** Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.
- c.** In joules, watt-hours or multiples, the total:
 - i.** electricity consumption
 - ii.** heating consumption
 - iii.** cooling consumption
 - iv.** steam consumption
- d.** In joules, watt-hours or multiples, the total:
 - i.** electricity sold
 - ii.** heating sold
 - iii.** cooling sold
 - iv.** steam sold
- e.** Total energy consumption within the organization, in joules or multiples.
- f.** Standards, methodologies, assumptions, and/or calculation tools used.
- g.** Source of the conversion factors used.

Fossil fuels for the vehicle fleet in the reporting year 2023

Diesel	1,550 L
Petrol	38 L
Forklift gas	1,727 kg

Energy consumption in the reporting year 2023

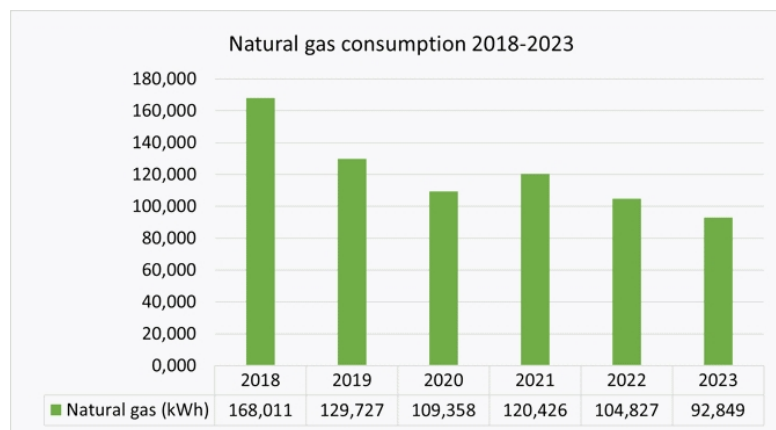
Electricity	264,879 kWh
Natural gas (used for heating)	92,849 kWh

Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption

The reporting organization shall report the following information:

- a.** Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
- b.** Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.
- c.** Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.
- d.** Standards, methodologies, assumptions, and/or calculation tools used.

Regarding the consumption of natural gas, the results of the measures can be explained. Since 2019, we have been using the compressor waste heat to heat water and the halls. Compared to the base year 2018, this saved 38,284 kWh of natural gas in 2019. The heating system was replaced in 2021. If we set 2021 as the new base year, we consumed 27,577 kWh less natural gas in the reporting year.



Key Performance Indicator GRI SRS-303-3: Water withdrawal
The reporting organization shall report the following information:

- a.** Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i.** Surface water;
 - ii.** Groundwater;
 - iii.** Seawater;
 - iv.** Produced water;
 - v.** Third-party water.

- b.** Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i.** Surface water;
 - ii.** Groundwater;
 - iii.** Seawater;
 - iv.** Produced water;
 - v.** Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.

- c.** A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
 - i.** Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids);
 - ii.** Other water ($> 1,000$ mg/L Total Dissolved Solids).

- d.** Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

In the reporting year, 322m³ of water was purchased from the local supplier rhenag Rheinische Energie Aktiengesellschaft. The water is primarily used as drinking water, for the sanitary facilities and for cleaning purposes. It is also used as a raw material for the coating product line, although this only accounts for 1.9% of water consumption.

	2023
Consumption (m³)	322

Water is used as a raw material for the coating product line.

	2023
Water as a raw material (L)	6,134
Water as a raw material (m³)	6.134
Share of water consumption	1.9%

Key Performance Indicator GRI SRS-306-3: Waste generated
The reporting organization shall report the following information:

- a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.
- b. Contextual information necessary to understand the data and how the data has been compiled.

Information on annual waste generation is obtained from the waste management companies. Paper/cardboard, commercial waste and foils are collected in containers and emptied weekly. Due to the flat-rate pick-up, the actual quantities collected are not weighed. We have received average quantities from the waste disposal service provider, which can be used to calculate key figures. Due to the use of hazardous substances, contaminated rubbish is collected separately in barrels and disposed of as required. The amount generated in 2023 is above average, as no contaminated rubbish was disposed of in 2020, 2021 and 2022.

Type of waste	2023 (t)
Hazardous waste	2.11
Disposal of contaminated rubbish	26.16
Wood packaging	2.75
Mixed paper/cardboard	20.00
Mixed commercial waste	33.75
Plastics and foils	4.00
Total	88.77

13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

We have set ourselves the goal of creating transparency in our greenhouse gas

emissions. By determining and analysing them, we aim to gain knowledge about our climate-relevant emissions and identify and implement potential reductions. In doing so, we adhere to the principle of "avoidance, reduction, compensation". GHG emissions are recorded based on the Greenhouse Gas Protocol for the entire company at the single site in Hennef. To enable comparability, the total emissions are set in relation to the number of employees and turnover (see values shown for the respective scopes).

In the reporting year, we measured GHG emissions for the first time, setting 2023 as the base year. In subsequent years, reduction targets can be agreed upon based on this data, and developments and improvements can be determined and explained using key figures. For 2024, we have set ourselves the goal of CO₂-neutral electricity procurement by using green electricity.

Emission sources:

Scope 1 looks at direct emissions from energy sources and our own vehicle fleet. The emitters here are natural gas, diesel, petrol and forklift gas. Indirect emissions from Scope 2 include electricity as purchased energy. Steam, district heating or cooling are not used in our company. In 2024, we will switch to green electricity and thus to CO₂-neutral electricity procurement.

Indirect emissions within the value chain (Scope 3) are not currently measured. This is planned for the future.

Key Performance Indicators to criteria 13

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

- a.** Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.
- b.** Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ or all.
- c.** Biogenic CO₂ emissions in metric tons of CO₂ equivalent.
- d.** Base year for the calculation, if applicable, including:
 - i.** the rationale for choosing it;
 - ii.** emissions in the base year;
 - iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

Our carbon footprint is calculated using the ecocockpit programme from Effizienzagentur NRW. This programme is based on the "Greenhouse Gas Protocol", which is regarded as a globally valid documentation instrument for recording greenhouse gases. Sources for the emission factors are Gemis 5.1, EEW 2022 and DESNZ. 2023 is the base year.

Scope 1 emissions in the reporting year amounted to 31.52 tonnes of CO₂ equivalents. We have chosen employees as the reference value, resulting in 1.66 tonnes of CO₂ equivalents per employee, and 0.006 kg of CO₂ equivalents per € relative to sales.

Key Performance Indicator GRI SRS-305-2: Energy indirect
(Scope 2) GHG emissions

The reporting organization shall report the following information:

- a.** Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- b.** If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- c.** If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- d.** Base year for the calculation, if applicable, including:
 - i.** the rationale for choosing it;
 - ii.** emissions in the base year;
 - iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

GHG emissions in Scope 2 are also calculated using the ecocockpit programme of the NRW Efficiency Agency. We purchase electricity as energy from external sources. The source for the emission factor is the electricity labelling of our electricity provider in accordance with Section 42 EnWG.

Scope 2 emissions in the reporting year amounted to 90.64 tonnes of CO₂ equivalents. We have chosen employees as the reference value, resulting in 4.77 tonnes of CO₂ equivalents per employee, or 0.017 kg of CO₂ equivalents per € relative to turnover.

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions

The reporting organization shall report the following information:

a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.

b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.

c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.

d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.

e. Base year for the calculation, if applicable, including:

i. the rationale for choosing it;

ii. emissions in the base year;

iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.

f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

g. Standards, methodologies, assumptions, and/or calculation tools used.

The GHG emissions in Scope 3 are not yet measured. This is planned by 2027.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions

The reporting organization shall report the following information:

- a.** GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.
- b.** Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- c.** Base year or baseline, including the rationale for choosing it.
- d.** Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e.** Standards, methodologies, assumptions, and/or calculation tools used.

As GHG emissions were measured for the first time in the reporting year, 2023 is the base year. Projects and progress in reducing emissions can only be reported in subsequent years.

Criteria 14–20 concerning SOCIETY

Criteria 14–16 concerning EMPLOYEE-RELATED MATTERS

14. Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

SCHÄFER Metallurgie GmbH is located in Hennef/Sieg, Germany. Employee rights, occupational safety and the health and well-being of our employees are very important to us. We comply with national regulations on employee rights and are committed to the core labour standards of the International Labour Organisation (ILO). Our Code of Conduct includes principles of social and environmental responsibility, guidelines on employee health and safety and the handling of hazardous substances.

We have formulated the following strategic goal in connection with this topic: We are a role model in occupational health and safety, ensure a safe working environment for our employees and work continuously to reduce dust pollution. (SDG 3)

As related operational targets, we have set ourselves the renewal of the lighting in the administration building (switch to LEDs) by 2025 and the reduction of dust pollution by 10% by 2028 in order to increase occupational safety.

Regular dialogue and employee involvement are particularly important in this context. The HR department, department heads, QEMR and management are available to employees depending on their enquiries or concerns. The company also has an open culture for ideas. All employees can contribute ideas and suggestions in personal discussions with department heads and the managing director. Employee surveys are used to identify the strengths, weaknesses and competences of SCHÄFER Metallurgie GmbH as an employer as well as key issues and potential for improvement in working conditions.

We have implemented a comprehensive occupational safety management system to prevent accidents, injuries, illnesses or other damage to employees. The managing director bears full responsibility but is supported by internal and external representatives and other stakeholders. The occupational safety committee discusses developments, incidents, projects and measures at its quarterly meetings.

All employees are provided with rental work clothing specific to their workplace and take part in appropriate safety training. As part of occupational health care, examinations are carried out for both mandatory and optional preventive care. Due to the handling of hazardous substances, we emphasise responsible chemicals management. Annual trainings provide information on the individual substances, product labelling and personal protective equipment. Safety data sheets and operating instructions are available to all employees. All these measures lead to low rates of accidents at work, sick leave and staff turnover. The aim is to maintain this level and reduce it further if possible.

A key issue in our occupational safety management is the reduction of dust generated during the production process. External measurements have confirmed that dust levels are well below the limit values. Nevertheless, we are endeavouring to create a low dust working environment. Many measures have already been implemented. These include, for example, the purchase of new filter and extraction systems and the expansion of the closed material recycling system. As part of an ongoing project, the sources of emissions and the functionality of the technical equipment are being reassessed to determine the effect of the measures implemented to date and identify further potential for improvement.

We see sustainability as an opportunity for optimised and cost-efficient internal processes and as a clear competitive advantage. All managers are involved in the sustainability processes and employees can participate in projects and contribute their own ideas. In addition, sustainability aspects are systematically integrated into the quality and environmental management system. In future, regular training courses will be organised to further sensitise employees to the topic.

As the company's headquarters are in Hennef and there are no other locations outside Germany, no significant risks are seen that the business activities could have a negative impact on employee rights. Risks are summarised in detail under criterion 2 Materiality. Our quality and environmental management also systematically addresses the opportunities and risks identified.

15. Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

As a family business, SCHÄFER Metallurgie GmbH attaches great importance to equal rights and a working environment free of prejudice and discrimination. We are open to the employment of people with disabilities. We expect our employees to honour and respect the personal dignity, privacy and personal rights of each individual. Equal opportunities and equal treatment of all employees regardless of national and ethnic origin, social background, health status, disability, sexual orientation, age, gender, political opinion, religion or belief or other personal characteristics must be promoted. We do not tolerate any form of sexual or other personal harassment, insults or bullying, and we oppose any form of coercion, violence or threats of violence. This applies both to employees among themselves and to their dealings with business partners. This is the only way to establish a respectful cooperation based on partnership. The prohibition on discrimination is also incorporated into our Code of Conduct.

For reasons of materiality, we have not set any targets in the area of equal opportunities and diversity in our strategy development. However, the topic is firmly anchored in our quality and environmental management, which means that it is subject to continuous improvement.

Our workforce is made up of a very balanced mix of men and women, different nationalities, ages and experience. All employment contracts are open-ended, and the average length of service is over 13 years. We ensure that remuneration guarantees an appropriate standard of living for our employees.

SCHÄFER Metallurgie GmbH supports its employees in balancing family and career. The range of different working time models and part-time solutions offer a high degree of flexibility. The administrative staff also have the opportunity to work remotely and are provided with the necessary technical equipment. We encourage employees to address concerns and problems openly to find suitable solutions together. We work with mothers and fathers returning to work after parental leave to plan a smooth reintegration.

We achieved our goal of no breaches of the Code of Conduct in the reporting year. We work on issues of equal opportunities in a process-orientated manner and integrate them into the continuous improvement process.

16. Qualifications

The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.

Our strategic goal is to be an attractive employer that systematically ensures the professional and personal development of its employees, thereby attracting and retaining skilled labour. (SDG 4).

As a related operational target, we have set ourselves at least two training days per employee per year from the 2023 reporting year.

Experienced and professionally competent staff is the driving force of our company. All employees are offered opportunities to continue their professional and personal development throughout their careers, which is also reflected in our goals.

We have also implemented processes to identify training needs and conduct further training. This primarily involves the managing director, the HR department and the department heads as the responsible parties. The requirements for the individual functions in the company are summarised in a competency matrix. At the beginning of the year, the HR department and department heads jointly discuss how the employees have developed, to what extent they fulfil the competence profiles and what qualification options are available. The individual employees are involved in the process as part of annual staff interviews. The relevant training measures are agreed with the managing director and added to the training plan. The HR department is responsible for the organisation, implementation and documentation. The QEMR is responsible for subject-related training on the requirements of the management system in the further training process. The training portfolio consists of on-the-job training, technical training and further education as well as training in the areas of quality and environmental management and occupational safety. Legal further trainings and instruction requirements are observed. New employees are specifically prepared for their new area of responsibility by trained and experienced colleagues. This also applies when fields of activity change.

We encourage all employees to express their own training wishes and see this as an opportunity to retain skilled labour and promote the employability of each individual.

Our business activities, business relationships and products do not result in any risks or negative effects on employee qualifications.

Key Performance Indicators to criteria 14 to 16

Key Performance Indicator GRI SRS-403-9: Work-related injuries
The reporting organization shall report the following information:

a. For all employees:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.

Key Performance Indicator GRI SRS-403-10: Work-related ill health

The reporting organization shall report the following information:

a. For all employees:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.

- There were no fatalities due to work-related injuries and no work-related

injuries with serious consequences in the reporting year.

- One work-related accident was documented across the entire company.
- Work-related illnesses are not known or traceable for our company, as these are not disclosed for data protection reasons.

Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety

The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:

a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.

b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

There are two safety officers in the company who support the management in occupational health and safety. They are responsible for drawing attention to accident and health hazards and act as contact persons for employees.

The occupational safety committee meetings are held quarterly and deal with developments, incidents, projects and measures in the area of occupational health and safety. In addition to the safety officers and the HR department, the external occupational safety specialist is a permanent participant. The company doctor and management take part in at least one meeting. Other persons are involved as required.

Projects and measures are also discussed in the annual meeting of the QEM committee.

Key Performance Indicator GRI SRS-404-1: Average hours of training

The reporting organization shall report the following information:

a. Average hours of training that the organization's employees have undertaken during the reporting period, by:

- i. gender;
- ii. employee category.

The target of at least two training days (= 16 hours) per employee was achieved. There is no difference according to gender or employee category, as

every employee has the same entitlement to further training. The hours spent by employees on training and development are therefore not currently recorded according to diversity criteria.

Key Performance Indicator GRI SRS-405-1: Diversity

The reporting organization shall report the following information:

a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

b. Percentage of employees per employee category in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

At SCHÄFER Metallurgie, we adhere to the principle of a flat hierarchy. Our workforce comprises a total of 19 employees. 16% are female, 84% are male. No employee is younger than 30 in the reporting year. 58% are between 30 and 50 years old, 42% are over 50 years old. 100% of the managing director and authorised signatories are male and over 50 years old.

Key Performance Indicator GRI SRS-406-1: Incidents of discrimination

The reporting organization shall report the following information:

a. Total number of incidents of discrimination during the reporting period.

b. Status of the incidents and actions taken with reference to the following:

- i.** Incident reviewed by the organization;
- ii.** Remediation plans being implemented;
- iii.** Remediation plans that have been implemented, with results reviewed through routine internal management review processes;
- iv.** Incident no longer subject to action.

There were no incidents or violations in the context of equal opportunities and discrimination in the company during the reporting period.

Criterion 17 concerning RESPECT FOR HUMAN RIGHTS

17. Human Rights

The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.

We have set ourselves the following goal at a strategic level for Schäfer: We keep our supply chain transparent. We survey and monitor our suppliers for compliance with human rights and working conditions. (SDG 8).

As part of our social responsibility, we are committed to the human rights of the United Nations and support compliance along the value chain in our sphere of influence. Respect for human rights is explicitly incorporated in our Code of Conduct, in which we also categorically reject any form of child or forced labour.

SCHÄFER Metallurgie GmbH has only one location in Hennef, Germany, and due to its size and position in the supply chain, it has only a minor influence on human rights along the global value chain. We source our products mainly from European suppliers and, since the REACH regulation came into force, we have been bound to registered suppliers for the procurement of many raw materials. There are no risks arising from our business activities, business relationships or products that could have a negative impact on human rights. At national level, corporate responsibility for respecting human rights in global supply chains is regulated in the German Supply Chain Duty of Care (Lieferkettensorgfaltspflichtengesetz). The company does not fall within the direct scope of application due to its size. The same applies to the planned EU's Corporate Sustainability Due Diligence Directive.

Nevertheless, we are making a contribution to the protection of human rights and in the reporting year we drew up a new [Code of Conduct](#) for business partners, which prohibits, among other things, participation in acts that violate human rights as well as various forms of slavery, forced or child labour. The code also includes the expectation that our suppliers will commit to ensuring that human rights are respected and upheld in the upstream stages of the value chain.

Acknowledgement of our Code of Conduct will be part of our annual assessment of suppliers and service providers for the first time in 2024. The inclusion of further ESG criteria and the development of an assessment procedure are planned. Through this step and the above-mentioned goal, we are consistently pursuing risk reduction in the supply chain.

Key Performance Indicators to criteria 17

Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings

The reporting organization shall report the following information:

- a.** Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.
- b.** The definition used for ‘significant investment agreements’.

No investment agreements are made.

Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews

The reporting organization shall report the following information:

- a.** Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

SCHÄFER Metallurgie GmbH has only one location in Hennef, Germany. There is no risk of non-compliance with human rights aspects here. This review is therefore not carried out.

Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening

The reporting organization shall report the following information:

- a.** Percentage of new suppliers that were screened using social criteria.

We do not yet assess new suppliers for compliance with human rights. However, the acknowledgement of our Code of Conduct will be taken into account as a selection criterion for suppliers from 2024.

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain

The reporting organization shall report the following information:

- a.** Number of suppliers assessed for social impacts.
- b.** Number of suppliers identified as having significant actual and potential negative social impacts.
- c.** Significant actual and potential negative social impacts identified in the supply chain.
- d.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.
- e.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

We do not yet assess suppliers for their social impact. Acknowledgement of our Code of Conduct will be a criterion in the annual assessment of our suppliers and service providers from 2024.

Criterion 18 concerning SOCIAL MATTERS

18. Corporate Citizenship

The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

We support regional and Germany-wide organisations and projects through donations. Supporting the Hennefer Tafel has been close to our hearts for years and employees receive charity lottery tickets from Aktion Mensch. Every year, we select additional projects to support with donations.

Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed

The reporting organization shall report the following information:

a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

- i.** Direct economic value generated: revenues;
- ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
- iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed'.

b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

This is confidential data that is not published for competitive reasons.

Criteria 19–20 concerning ANTI-CORRUPTION AND BRIBERY MATTERS

19. Political Influence

All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.

We are politically independent and neutral and do not exert any direct influence on political parties or individual political decision-makers. We do not make any donations to politicians or political parties.

We are a member of the Light Metals Committee of the Bundesverband der

Deutschen Gießerei-Industrie (BDG), the Gesellschaft der Metallurgen und Bergleute e.V. (GDMB), the German Social Accident Insurance Institution for the raw materials and chemical industry (BG RCI) and the Bonn/Rhine-Sieg Chamber of Commerce and Industry. All these associations represent the economic and political interests of their members. We use our memberships to exchange technical information and form networks and are not involved in politics.

Key Performance Indicators to criteria 19

Key Performance Indicator GRI SRS-415-1: Political contributions
The reporting organization shall report the following information:

- a.** Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.
- b.** If applicable, how the monetary value of in-kind contributions was estimated.

We do not make donations to political parties, either in the form of financial contributions or gifts in kind.

20. Conduct that Complies with the Law and Policy

The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

The managing director has overall responsibility for compliance with legal and voluntary requirements. He delegates tasks and assigns subordinate responsibilities. Staff units and representatives in the areas of occupational safety, data protection and quality and environmental management support the managing director and are available to all employees as needed. We also work with an external law firm, which is our contact person for any legal questions. To stay up to date on changes in the legal and regulatory environment, we maintain a legal register of the standards, laws and regulations that apply to us using the integrative software solution umwelt-online.

Compliance risks are identified and dealt with as part of internal opportunity and risk management. Our global business activities give rise to a general compliance risk. For example, import and export regulations and the applicable regulations in the respective markets must be observed. As a company in the chemical industry, the requirements for handling hazardous substances are also highly relevant.

We aim to fulfil all legal and voluntary requirements in order to avoid fines and non-monetary sanctions for non-compliance. Corruption of any kind or bribery is not tolerated. We have already implemented various measures to ensure this organisationally. These include, for example, maintaining a legal register and the dual control principle when concluding contracts and in payment transactions. We have also developed our own Code of Conduct for employees, which contains the key rules and principles of behaviour in areas such as human rights, data protection and anti- corruption.

Key Performance Indicators to criteria 20

Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption

The reporting organization shall report the following information:

- a.** Total number and percentage of operations assessed for risks related to corruption.
- b.** Significant risks related to corruption identified through the risk assessment.

To date, no systematic investigations or audits of corruption risks have been conducted at Schäfer's only location in Hennef. The percentage of sites assessed is therefore 0. The Code of Conduct contains a clear passage prohibiting corruption and bribery. Due to the long-standing partnerships that Schäfer has established with its suppliers, we also consider the risk of corruption to be very low. Specific assessments are therefore not planned for the time being.

Key Performance Indicator GRI SRS-205-3: Incidents of corruption

The reporting organization shall report the following information:

- a.** Total number and nature of confirmed incidents of corruption.
- b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c.** Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

At SCHÄFER Metallurgie GmbH, there were no incidents of corruption within the company. There were also no legal proceedings in connection with corruption.

Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

The reporting organization shall report the following information:

- a.** Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:
 - i.** total monetary value of significant fines;
 - ii.** total number of non-monetary sanctions;
 - iii.** cases brought through dispute resolution mechanisms.
- b.** If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.
- c.** The context against which significant fines and non-monetary sanctions were incurred.

SCHÄFER Metallurgie GmbH has not been subject to any fines or non-monetary sanctions for non- compliance with laws or regulations in the social and economic area.

Overview of the GRI indicators in the Sustainable Code declaration

In this Sustainable Code declaration, we have reported according to the "comply or explain" principle on the GRI indicators listed below. This document refers to the GRI Standards 2016, unless otherwise noted in the table.

Areas	Sustainable Code criteria	GRI SRS indicators
STRATEGY	1. Strategic Analysis and Action 2. Materiality 3. Objectives 4. Depth of the Value Chain	
PROCESS MANAGEMENT	5. Responsibility 6. Rules and Processes 7. Control	GRI SRS 102-16
	8. Incentive Systems	GRI SRS 102-35 GRI SRS 102-38
	9. Stakeholder Engagement	GRI SRS 102-44
	10. Innovation and Product Management	G4-FS11
ENVIRONMENT	11. Usage of Natural Resources 12. Resource-Management	GRI SRS 301-1 GRI SRS 302-1 GRI SRS 302-4 GRI SRS 303-3 (2018) GRI SRS 306-2 (2020)*
	13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
SOCIETY	14. Employment Rights 15. Equal-Opportunities 16. Qualifications	GRI SRS 403-4 (2018) GRI SRS 403-9 (2018) GRI SRS 403-10 (2018) GRI SRS 404-1 GRI SRS 405-1 GRI SRS 406-1
	17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
	18. Corporate-Citizenship	GRI SRS 201-1
	19. Political Influence	GRI SRS 415-1
	20. Conduct that Complies with the Law and Policy	GRI SRS 205-1 GRI SRS 205-3 GRI SRS 419-1

*GRI has adapted GRI SRS 306 (Waste). The revised version comes into force on 01.01.2022. In the course of this, the numbering for reporting on waste generated has changed from 306-2 to 306-3.