

Sustainability Report Poppe + Potthoff Group



2024/2025



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Foreword

Sustainability is an integral part of our corporate strategy. We view economic success together with social and ecological responsibility as an inseparable unit. This first Sustainability Report of the P+P Group provides an overview of our goals, measures and progress.

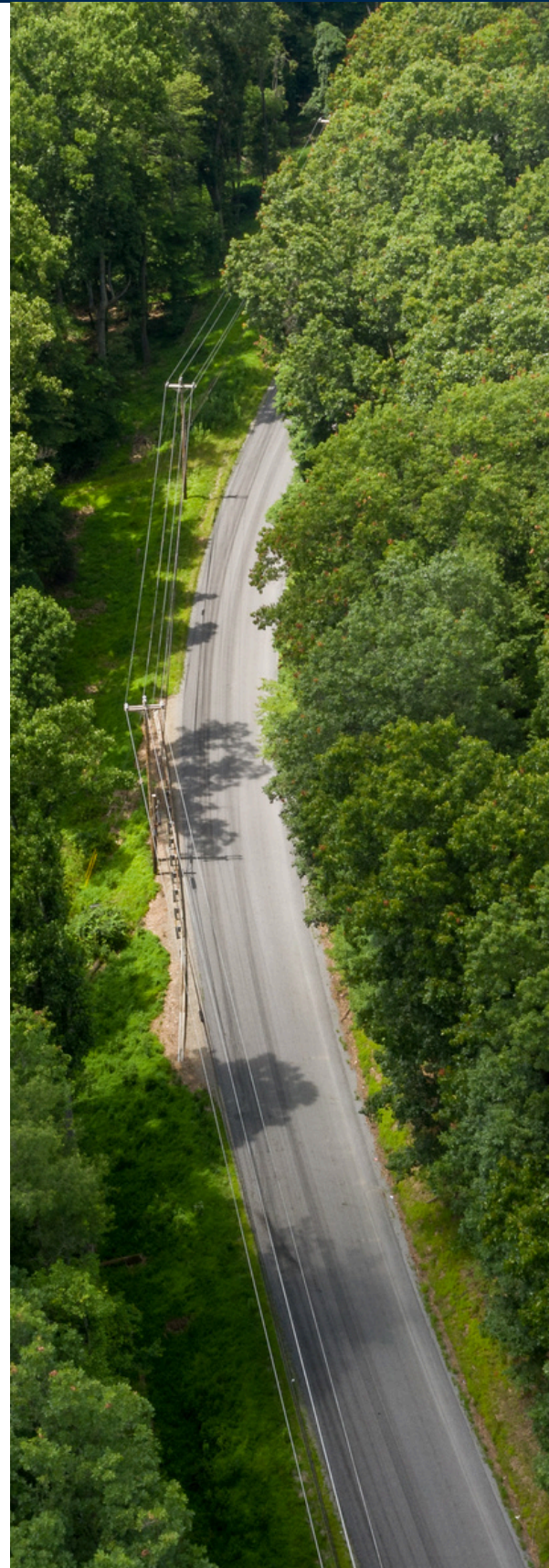
Our product and system solutions enable efficient and sustainable applications across a wide range of industries. At the same time, we continuously optimize energy and material usage in our own processes and manage our supply chains responsibly.

We rely on clear objectives, transparent communication and the consistent further development of our structures. In doing so, we strengthen our competitiveness and take responsibility for a sustainable future.



The Management Board of
Poppe + Potthoff GmbH

Markus Kerkhoff (CEO) | Marco Schmidt (CFO) | Haluk Mehmet (COO)



About This Sustainability Report

This first sustainability report provides the foundation for the further development of our sustainability strategy and all related operational measures. As part of a pilot project in 2025, relevant data were collected and analyzed for the first time. From the perspective of our corporate strategy and vision, we consider the project—aimed at establishing a consistent reporting structure and achieving stronger integration of sustainability-related data into business processes—a great success.

The collection of CO₂ data, in particular, immediately enabled us to define reduction measures. Due to our special responsibility as an energy-intensive company in this area, this was the primary focus of the initial evaluation. As we continue to expand our sustainability activities, we intend to replace necessary estimates with precise data and close any remaining data gaps. Furthermore, the operational management of our sites is to be increasingly supplemented by sustainability information in the future.

Since the entry into force of the European Union's Omnibus Package on March 18, 2026, our corporate group is no longer required to publish a sustainability report under the reporting requirements of the Corporate Sustainability Reporting Directive (CSRD). This report therefore has the character of a voluntary self-disclosure. It is based on the 2024 financial year.

As the collected sustainability information is primarily intended to support the management of the corporate group, certain changes in the organizational structure that were known at the time of preparation have already been taken into account. With effect from a contract dated September 25, 2025, both Walter Henrich GmbH and Maschinen- und Behälterbau GmbH were sold. In addition, a management buyout was carried out for Plaschka spol. at the Czech site. Furthermore, the German Plaschka KG will be shut down in 2026. The collection of sustainability-related data for the purpose of managing these sites was therefore omitted.

In 2024, Indodeutsche Precision Tubes Private Ltd. was newly added. The joint venture, based in Badli (Haryana, India), manufactures steel tubes and supplies Poppe + Potthoff Präzisionsstahlrohre GmbH. As the site is still under construction and has not yet started series production, data collection has not yet been carried out. We are working intensively on integrating the site into the reporting process.

For reasons of improved readability, the Poppe + Potthoff Group is abbreviated in parts of this report as P+P or P+P Group.

The sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) of the United Nations provide a globally recognized framework for responsible corporate conduct. We also align our sustainability strategy with these goals and actively contribute to their achievement through our business activities.

To ensure transparency and clearly classify our key areas of action, we label relevant content in the respective chapters with the corresponding SDGs. This visual mapping provides an at-a-glance overview of how our measures and initiatives contribute to promoting environmental, social, and economic sustainability, and highlights the contribution we make along our value chain.





Company Profile



Poppe + Potthoff

Founded in 1928, Poppe + Potthoff GmbH has established itself as a benchmark company in the field of metal processing at an international level. The idea that quality means nothing other than precisely and reliably fulfilling the technical needs of a customer is therefore embedded in the DNA of Poppe + Potthoff.

Today we implement this principle across a broad product range, spanning from Common Rail systems, high-precision turned parts, industrial and precision couplings, special-purpose machinery, hydrogen supply systems, through to original precision steel tubes.

The vision of the Poppe + Potthoff Group encompasses the areas of customer-centricity, technologies for sustainable solutions, and data-driven operations.

Our versatile business model enables us to live up to these values. Building on our traditional strengths in precision steel tubes, Common Rails and lines for diesel injection systems, as well as precision components and couplings, we have developed new hydrogen technologies and systems for an emission-free future.

With our technologies, we serve the Automotive and Industrial Products business segments. The Innovation & Strategy division continuously develops our products and thus lays the foundation for a sustainable future.

With targeted investments in young companies, we are creating an ecosystem through which we support our customers with both sustainability challenges and those of digitalization.

The Poppe + Potthoff Group continues to focus primarily on metal processing and consists of three business segments across all locations: Automotive, Industrial Products, and Innovation & Strategy.





Poppe + Potthoff GmbH | Werther, Germany



Poppe + Potthoff Präzisionsstahlrohre GmbH | Werther, Germany



Indodeutsche Precision Tubes Private Limited | Badli, India



Poppe + Potthoff Hungária Kft. | Ajka, Hungary



Poppe + Potthoff Engine Components Co. Ltd. | Qingdao, China



Poppe + Potthoff s.r.o. | Kunovice, Czech Republic

Precision on Purpose around the World



Poppe + Potthoff Maschinenbau GmbH | Nordhausen, Germany



R+W Antriebselemente GmbH | Wörth am Main, Germany



R+W Slovakia k.s. | Nizna, Slovakia



P&P Green Motion LLC | West Chicago, USA
R+W America, L.P. | West Chicago, USA

1.1 Automotive

The Automotive business segment is divided into the two business units Powertrain Systems and Precision Components.

The Powertrain Systems business unit encompasses the Common Rail and tube component manufacturing at the Poppe + Potthoff Hungaria Kft. site in Ajka (Hungary) and Poppe + Potthoff Engine Components (Qingdao) Co., Ltd. in China.

At the Ajka site, Common Rail systems, tube components and diesel injection pipes are produced in large batch sizes for a worldwide customer base in the automotive and commercial vehicle industries. The Qingdao site produces lines primarily for the Chinese automotive and commercial vehicle market, as well as for generators.

The Precision Components business unit comprises the Poppe + Potthoff s.r.o. site in Kunovice (Czech Republic). This site manufactures precision components for automotive components, hydraulic systems, performance-enhancing drives, as well as comfort and safety systems for vehicles, serving customers worldwide.

The Automotive business segment is complemented by the company Poppe + Potthoff Green Motion LLC, founded in October 2023. This company is headquartered at the R+W America, L.P. site in Bensenville. This new unit operates independently and in close cooperation with Poppe + Potthoff Hungaria Kft. and the sales team in Werther to develop the American market for sustainable drive technologies.

1.2 Industrial Products

The Industrial Products business segment consists of companies that produce primarily or exclusively for customers in the non-automotive sector. This includes the R+W Group, which operates globally with three production sites and four sales offices in the field of drive technology. It manufactures and distributes various types of industrial and precision couplings and drive shafts for all power transmission applications.

Furthermore, Poppe + Potthoff Präzisionsstahlrohre GmbH in Werther and Poppe + Potthoff Maschinenbau in Nordhausen belong to the Industrial Products business segment. The tube mill produces seamlessly drawn precision steel tubes, while the mechanical engineering division produces highly specialized test rigs and special-purpose machinery.

The Industrial Products business segment is complemented by Indodeutsche Precision Tubes Private Ltd. (Haryana/India). This joint venture is directly linked to the precision steel tube mill and produces exclusively for this plant and the Indian cooperation partner Lalbaba Engineering Limited.

1.3 Innovation & Strategy

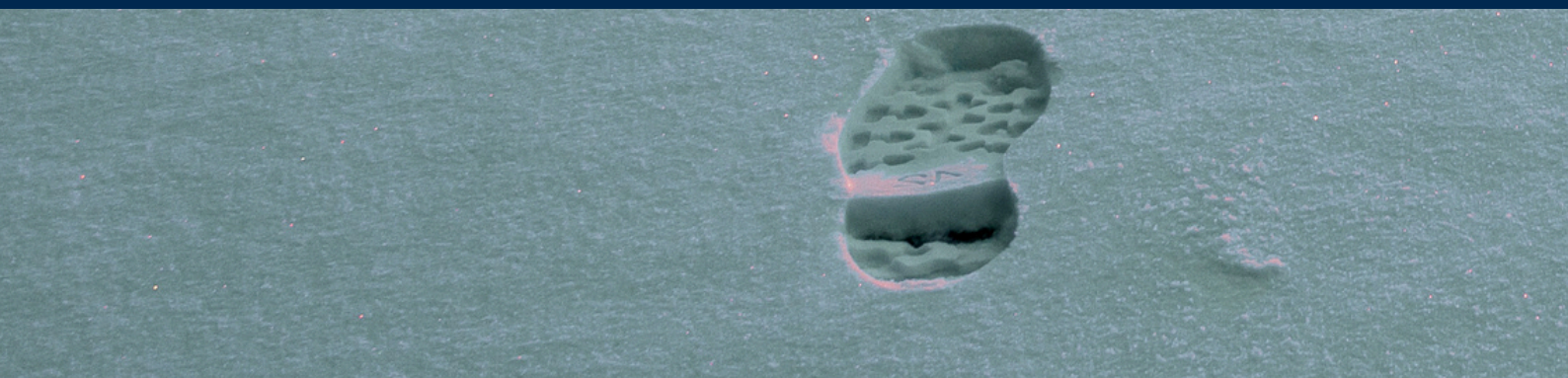
The Innovation & Strategy business segment consists exclusively of Poppe + Potthoff GmbH. In 2024, the build-up of the company's own Innovation Center, begun in 2021, was further significantly advanced. The continued development of the hydrogen systems developed to date remained a central focus.

Central management of the sites and strategic direction takes place from the holding company. Sustainability has long played a central role in the Group in this context. Nevertheless, the integration of sustainability aspects into existing company processes was significantly advanced in 2025 (cf. Chapter 2).

Measures for CO₂ reduction have since been within the remit of the Management Board and are managed centrally by the holding company. In the course of this, the first Sustainability Report of the Poppe + Potthoff Group was produced.



Sustainability Strategy & Governance



2.1 Sustainability in the Company and Corporate Culture



As an internationally active innovator in metal and mobility technology, the Group is actively committed to low-emission technologies and climate-friendly production processes, for example through the development of modular hydrogen and low-emission mobility solutions that contribute to achieving global CO₂ reduction targets - a commitment that is reflected in the company's strategic orientation.

At the same time, Poppe + Potthoff Präzisionsstahlrohre GmbH, as a member of the industry initiative 'CARBON REDUCED TUBES & PIPES', takes the path towards CO₂ neutrality in steel tube production seriously and is working together with partners on measures to reduce and long-term neutralize emissions by 2045.

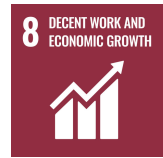
Sustainable action is furthermore deeply embedded in the corporate culture: openness to technological diversity, innovation capability, data-driven process optimization, and a long-term perspective to support customers in achieving their climate goals characterize daily work and underline the commitment to combine ecological responsibility with economic performance.

The Poppe + Potthoff Group has prepared its first consolidated Sustainability Report for the years 2024/2025. In collecting and processing data, we act with the utmost diligence and in compliance with all applicable legal and regulatory requirements. We also regularly review our

processes to ensure transparency and data quality (GOV-4).

Within the framework of our risk management and internal controls of sustainability reporting, we regularly identify, assess and monitor potential risks relating to the completeness, accuracy and consistency of reported sustainability information. Clear responsibilities, standardized processes and documented controls along the data collection and processing chain ensure that deviations are identified and addressed at an early stage. The effectiveness of these controls is continuously reviewed and adjusted as needed to ensure reliable and auditable reporting (GOV-5).

2.2 Anchoring in the Organization



Sustainability is deeply embedded in the Poppe + Potthoff Group and is an essential part of the corporate strategy. With our products for the hydrogen sector developed at the Innovation Center in Werther, we are focused on the drive technology of the future. Our vision is to create positive added value for our customers with our sustainable drive technologies and thereby make our contribution to nature and society. A central element in successfully pursuing this vision is our strong focus on collaborative partnerships with our customers and other stakeholders.

Our understanding of sustainability is broad and comprehensive. As an energy-intensive company in metal processing, we are aware of our ecological responsibility. This understanding connects us with our customers. For this reason, we rely on close collaboration to jointly achieve climate targets and thus make a positive contribution to climate protection. Emphasis is therefore placed on reducing our energy consumption and our CO₂ emissions.

Furthermore, we are convinced that our employees are the decisive factor in securing these corporate objectives. For this reason, we promote a collaborative corporate culture and place great importance on our social responsibility. Our sites, as major regional employers, also bear a social responsibility. The promotion of employees, fair remuneration and close cooperation with local communities are

therefore important to us.

This triad of ecological, social and community responsibility can ultimately only be pursued with the involvement of our supply chain. We therefore maintain close dialogue with our suppliers and strive for continuous improvement in cooperation with them.

Driven by our commitment to a partnership-based relationship with our customers and by the changing regulatory framework, the Poppe + Potthoff Group launched an initiative in 2025 to position sustainability even more strongly within the company.

With the reorganization of the Management Board in 2024, it became necessary to redefine management responsibilities and to create a shared understanding for the integration of sustainability into the company. The foundation for this is our conviction that the integration of sustainability creates genuine added value for Poppe + Potthoff. This alignment of objectives leads to a close interlinking of sustainability and finance.

All sustainability processes are managed centrally from the finance area and continuously reviewed for their contribution to our corporate objectives. Only through this strong integration into existing company processes can a sustainable corporate orientation be permanently ensured.

Our Management Board is committed to this approach and carries the various topics into the sites and departments. In November 2024, this approach was officially announced at the Group's Management Forum and agreed with the management teams of the sites. This was followed by consistent further development of the topic, including the collection of

sustainability-related data to be incorporated into existing reporting and decision-making processes going forward.

On the other hand, the necessary preconditions were created within the processes. Since 2025, sustainability has been a fixed component of the sites' budgeting process.

P+P Management Board

Reporting & steering		Topic & data owners
Controlling	Innovation & Strategy - Overall strategy and vision - Integration of sustainability into corporate strategy - Climate targets and long-term commitments - Net-Zero targets, SDGs, etc. - Stakeholder management - Dialogue with customers, media, etc. - Culture & values - Promoting a sustainability-oriented corporate culture	Markus Kerkhoff CEO
	Operations - Sustainable production & processes - Resource and energy efficiency, waste/circular economy - Operationalization of ESG targets - Implementation of ESG strategy in daily processes - Supply chain responsibility & sustainable procurement - LkSG, human rights & environmental standards - Sustainable logistics & infrastructure - Optimization of transport, energy consumption and emissions - Certifications & standards - ISO 14001, ISO 50001, occupational safety, etc. (sites)	Haluk Mehmet COO
	Finance - ESG reporting & disclosure obligations - ESG report, implementation of CSRD - Sustainable financing strategies - Integration of ESG criteria into investment decisions - Cost/benefit analyses of sustainability measures - Green energy, CO₂ compensation, etc. - Risk management & compliance - Climate-related and social risks in financial planning - Data & KPIs - Establishment of ESG data management systems and metrics	Marco Schmidt CFO

Figure 1: Sustainability in the Organizational Structure

2.3 Stakeholder Dialogue



The Poppe + Potthoff Group attaches particular importance to open and regular dialogue with its stakeholders. Special emphasis is placed on exchange with our customers regarding relevant requirements relating to the sustainability of our production and products. We are open to joint solutions on sustainability-related production aspects, e.g. to increase our energy efficiency, reduce CO₂ emissions or avoid environmental pollution.

We continuously work on implementing specific sustainability targets at the request of our customers. Our interest lies in a partnership-based orientation. The principle of 'Customer Centricity' is a central element of our corporate philosophy.

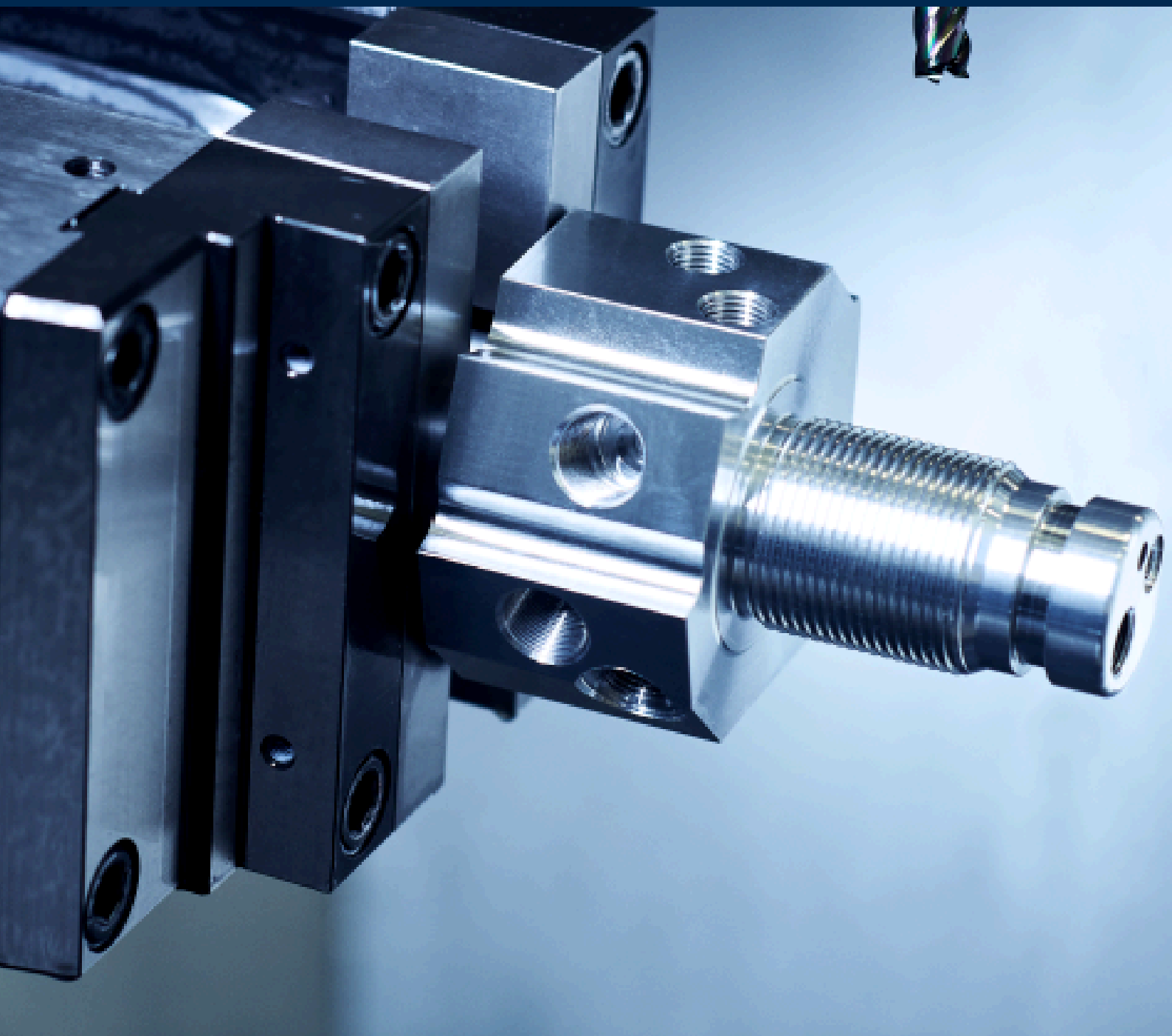
Furthermore, we are in dialogue with our suppliers, e.g. on topics related to the Supply Chain Due Diligence Act (LkSG). We regard our workforce as one of the most important stakeholder groups. Through an internal idea management system, our employees can actively participate in improving our organization. Upon successful implementation of improvement measures, employees can share in financial success.

We pursue this principle both at the Group parent company and at the production sites. The Poppe + Potthoff Group also works closely with local communities. For example, a multi-stage investment program was set up at the production site in Werther, which secures the future of the site as a major regional employer.

Furthermore, we are interested in an open

exchange on the topic of sustainability with our financial partners and other stakeholders.

Materiality Analysis



3. Materiality Analysis

In 2024, we conducted a comprehensive materiality analysis to systematically identify and prioritize the most relevant sustainability topics for our company. The aim was to transparently assess both the impacts of our business activities on the environment and society, and the resulting risks and opportunities for our company. The results of this analysis form the basis for the focal areas, objectives and measures presented in this report.

Approach to Determining Material Topics (ESRS IRO-1)

The identification of material sustainability topics was conducted on the basis of the European Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The principle of 'Double Materiality' enshrined in ESRS 1 was applied. This takes into account two central perspectives:

Impacts (Inside-out perspective): Analysis of the positive and negative impacts of the business activities of the Poppe + Potthoff Group on the environment and society. All relevant internal and external stakeholders are included.

Risks and Opportunities (Outside-in perspective): Assessment of the influence of sustainability factors on the business model of the Poppe + Potthoff Group. Risks and opportunities arising from external developments that may have

financial impacts on the company are assessed.

Both perspectives are assessed on a scale of one to ten. For irreversible impacts, a topic is always to be considered as material.

To identify, assess and prioritize the material impacts, risks and opportunities within the materiality analysis, the following steps are carried out for all sustainability topics in accordance with ESRS 1:

- Identification and assessment of relevant sustainability topics in close coordination with the employees responsible at the sites.
- Involvement of key stakeholders through transparency regarding their expectations and concerns, and through dialogue with relevant internal and external stakeholders, including consultations with experts at the individual sites.
- Assignment of the identified material sustainability topics to the corresponding topic-specific ESRS requirements.
- Validation of results and completion of the materiality analysis.

Key Topic Areas (CO₂, Energy, Supply Chain, Waste, Social, etc.)

Based on the double materiality analysis and from the evaluation of our consumption data, we have developed the topic areas that are important to us. As a metal processing company with an energy requirement of 45,263 MWh in 2024, the Poppe + Potthoff Group is classified as an energy-intensive company. In terms of climate protection, we therefore bear special responsibility (Inside-Out). Furthermore, it is our concern to make a positive contribution to a sustainable society through the alignment of our business model towards sustainable drive technologies.

Topic	Nr.	
Environment		
Climate Change	E.1	
Pollution	E.2	
Water & Marine Resources	E.3	
Biodiversity and Ecosystems	E.4	
Circular Economy	E.5	
Social		
Own Workforce	S.1	
Workers in the Value Chain	S.2	
Affected Communities	S.3	
Consumers and End Users	S.4	
Governance		
Corporate Policy	G.1	

Table 1: ESRS Topic Areas

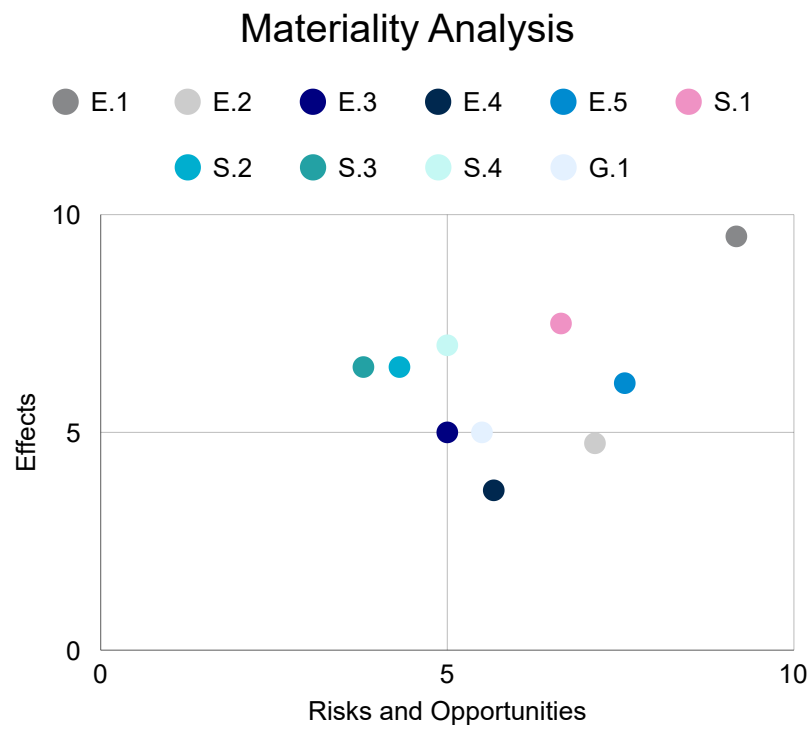


Image 2: Materiality Analysis of the Poppe + Potthoff Group

E.1 Climate Change (ESRS 2 SBM-3)



The climate change-driven trend towards alternative drives is highly dependent on the macroeconomic environment and political uncertainties. This uncertainty harbors both opportunities and risks regarding the sales volumes of the Poppe + Potthoff Group, directly affecting the strategic business model. Macro-trends require an adaptation of the business model. This is accompanied by developmental and strategic risks. Climate change also harbors transitional risks such as the costs of sustainable transformation, for adapting processes and the corporate structure, as well as investment requirements. Product demand increasingly takes sustainability aspects into account, which may constitute prerequisites for access to new projects or influence a planned market entry.

Negative Impacts

The Poppe + Potthoff Group causes greenhouse gas emissions along the entire value chain and thus contributes to climate change.

Indirect emissions arise from greenhouse gas emissions generated in upstream processes—particularly from the procurement of raw materials, products, and services, as well as from their transport or other purchased inputs—and contribute to global climate change.

The Group also generates greenhouse gas emissions worldwide through its own production processes and the energy consumption of its sites. Company measures to adapt to climate change may necessitate changes in the supply chain,

which may adversely affect suppliers or local communities. The Group's global sales and supplier network also contributes to climate-relevant emissions through the consumption of energy and natural resources.

Positive Impacts

Through the sale of hydrogen supply systems for use in mobile and industrial hydrogen applications (e.g. commercial vehicles), the Poppe + Potthoff Group actively contributes to the decarbonization of the mobility and industrial sectors and offers a climate-friendly alternative to conventional combustion engines.

By concluding electricity supply contracts from renewable energy sources or by using self-generated renewable energy, the Group supports the expansion of regenerative generation capacities and contributes to the reduction of resource consumption and greenhouse gas emissions.

Risks

Globally increasing or changing regulatory requirements - for example CO₂-related pricing mechanisms such as the Carbon Border Adjustment Mechanism (CBAM) - may necessitate adjustments in the supply chain or lead to rising costs. Reputational risks may arise if stakeholder expectations regarding CO₂ reduction are not met. The growing competition in electrified mobility solutions represents a strategic risk. New regulations regarding the use of different energy sources can also lead to changes in operational requirements.

Opportunities

Through the ambitious reduction of GHG emissions, market share in the customer segment of sustainability-oriented customers can be increased. Furthermore, the market share within the customer segment of sustainability-oriented clients can be increased. Where compliance with emission limits is a relevant criterion for the awarding of new projects, this creates opportunities for the Group's business model.

E.2 Pollution (ESRS 2 SBM-3)



Due to the use of oil-containing operating materials in production and the use of water in washing processes, environmental regulations must be complied with at the sites, and appropriate treatment measures must be carried out. These are necessary to prevent environmental pollution and contribute to the protection of natural resources.

Negative Impacts

Local water and soil contamination can arise from unplanned pollutant inputs - for example due to leakages - at supplier production sites and cause ecological and social impacts.

Risks

The Poppe + Potthoff Group recognizes potential risks in connection with the remediation of environmental damage and to its reputation in connection with controversies regarding the pollution of water resources and soils, which can have significant financial consequences. The Group also identifies possible risks in the supply chain that could arise from environmental contamination of water and soil. Delays or disruptions in production or in supply can also entail significant financial risks.



E.3 Water and Marine Resources (ESRS 2 SBM-3)



The Poppe + Potthoff Group currently classifies the topic of water and marine resources as non-material. Although our production is water-intensive, our sites are not located in regions with acute or high water stress according to the risk maps of the World Resources Institute (WRI). Our primary water consumption results from washing and cleaning processes in production, as well as, to a lesser extent, from sanitary facilities in administrative buildings. Accordingly, the potential risks to our business activities, value chain and local environment are low. Furthermore, apart from maritime transport, there are no significant impacts on marine resources. Against this background, no material risks

or opportunities were identified that would justify a higher relevance of this topic area. Nevertheless, we continuously monitor developments in water resources and regularly review the assessment to identify possible changes at an early stage.

E.4 Biodiversity and Ecosystems (ESRS 2 SBM-3)



The condition of ecosystems worldwide is strongly dependent on the progression of climate change. In this context, biodiversity must be considered a material topic. By limiting our climate and other environmental impacts, we can therefore also contribute to the preservation of ecosystems.

Negative Impacts

The extraction of primary raw materials can have impacts on natural ecosystems and biodiversity in the mining areas. These include direct interventions such as mining itself, as well as accompanying measures in the supply chain, for example deforestation or the construction of infrastructure in the vicinity of mining and extraction sites.

Risks

The Poppe + Potthoff Group recognizes potential risks in the supply chain that may arise from factors affecting the loss of biodiversity, through direct extraction of raw materials, which can lead to delays or disruptions in supply. Climate change-induced changes to ecosystems can have significant impacts on entire regions worldwide. Such changes may give rise to a wide range of risks, for example regarding supply chains, political developments, regulatory requirements, or sales markets, which may ultimately affect our business model.

Opportunities

Strengthening supply chain resilience with respect to factors affecting the loss of

biodiversity opens opportunities for the Poppe + Potthoff Group, including reducing dependency on volatile markets and minimizing potential supply disruptions. The Poppe + Potthoff Group primarily processes metals such as steel, stainless steel, aluminum, and copper. These materials are mostly recycled. Compared to the use of primary raw materials, this helps reduce climate change-related supply risks. It also enables a reduction in dependence on volatile markets and the minimization of potential supply disruptions, which can ensure long-term financial benefits and a more stable supply.

E.5 Circular Economy and Resource Use (ESRS 2 SBM-3)



The circular economy is generally a key component of resource-efficient practices in the automotive sector and the steel processing industry. Our products are highly recyclable. In addition, we reduce waste and the use of environmentally harmful substances.

Negative Impacts

Waste management in connection with increasing quantities of hazardous waste, as well as improper disposal in the supply chain, can have negative impacts on the environment and society. Furthermore, the use of non-renewable primary raw materials has consequences for the worldwide depletion of natural resources.

Positive Impacts

Circular economy business models and products contribute to slowing the consumption of natural and limited resources and reducing the impairment of landscapes and habitats. By increasing the share of secondary raw materials, we aim to contribute to this deceleration and minimize our impact on resource scarcity.

Risks

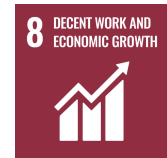
The Poppe + Potthoff Group sees an increasing price risk from rising raw material prices, developing due to higher energy prices because of climate change and through the expansion of CO₂ pricing, particularly in steel production. As an increase in CO₂ pricing is foreseeable, this will directly lead to rising procurement costs for the products of the Poppe + Potthoff Group.

New regulatory requirements could oblige the Group to develop products that meet higher recyclability standards—such as improved disassembly options or restrictions on certain materials—as well as to use recycled materials that may be scarce and expensive. Products manufactured without considering circular economy principles and with a high CO₂ footprint may face restricted access to markets with specific requirements. Failure to comply with increasingly stringent regulations on the use of non-renewable resources may also result in fines, liability claims, penalties, reputational damage, or the loss of contracts and market share. Supply risks and possible delays in the supply chain also exist in connection with resource inflows.

Opportunities

The Poppe + Potthoff Group sees financial opportunities and competitive advantages through innovations and the increased integration of secondary materials into production processes. Policy measures promoting low CO₂ footprint materials or recycled content can additionally create incentives for products. Increasing supply chain resilience through direct procurement of raw materials offers further opportunities by reducing dependencies and strengthening supply security.

S.1 Own Workforce (ESRS 2 SBM-3)



The further development of the automotive industry, as well as our own business success, largely depends on the performance of the people driving the transformation. Therefore, we aim to create working conditions that promote satisfaction and enable strong performance.

Negative Impacts

Workplace accidents can significantly impair the quality of life of employees or, in the worst case, lead to fatal consequences. Through safety-related precautions, training, and appropriate protective equipment, we prevent such incidents in our plants. In addition, we ensure ergonomic working conditions at our workplaces.

Positive Impacts

The Poppe + Potthoff Group places great importance on a safe and healthy workplace. Preventive measures such as health checks and company-sponsored fitness offerings contribute to safety and well-being and at the same time strengthen financial stability by securing employment. Promoting social dialogue supports collaboration and employee satisfaction. The structure of employee representation varies by site. Furthermore, we foster a culture at every location that enables employees to raise concerns and contribute ideas. Training and development offerings improve qualifications, enable professional growth and ensure long-term employability. Diverse measures to promote diversity

contribute to an inclusive working environment.

Risks

The company's own workforce also gives rise to financial risks. Furthermore, there are changing requirements for personnel and their qualifications because of technological change and transitional climate risks. Continuous development and a healthy workforce are key success factors for our business success. A shortage of skilled workers and increasing qualification demands are also evident. Higher costs arise through frequent absences and lower work performance. Inadequate working hours, lack of employee participation or works councils, as well as restrictions on the freedom to choose employment can significantly impair employees' income, well-being, and living conditions. Workplace accidents can lead to physical injuries that restrict personal life or, in the worst case, may be fatal. Exposure to hazardous substances, excessive noise, or inadequate ergonomic design can result in long-term chronic illnesses and impairments.

S.2 Workers in the Value Chain (ESRS 2 SBM-3)



What applies to our own employees also applies to our supply chain. Technological change, increased cost pressure, and the accumulation of disruptive events such as wars, climate-related events, and the recent pandemic require agility, resilience, and continuous development from both our suppliers and our customers. The work of employees is central in this context as well. We therefore expect our partners to respect labor and human rights as well as occupational health and safety throughout the entire supply chain.

The Poppe + Potthoff Group identifies potential risks in the supply chain related to working conditions, in particular working hours, health and safety, freedom of association, and the prohibition of forced labor. These risks can lead to delays or disruptions in supply.

S.3 Affected Communities (ESRS 2 SBM-3)



As a company in the metal industry, we maintain close communication with the communities at our production sites. Our activities can have both positive and negative impacts on local communities, for example through employment effects, contributions to infrastructure, or potential impacts on environmental and living quality. This gives rise to both opportunities and risks for us.

Opportunities arise from strengthening regional value creation, promoting local education and training opportunities, and from technology-driven improvements in energy and resource efficiency, which can directly contribute to the quality of life in surrounding communities.

Risks exist in potential impacts on the environment, traffic, or public health that may result from production activities or from value chain partners and could undermine the trust of local communities. We maintain continuous and early engagement with affected communities to understand expectations, concerns, and local needs. Our goal is to avoid or mitigate negative impacts while strengthening positive impacts over the long term—through sustainable investments, local partnerships, as well as measures aimed at decarbonization and resource conservation.

S.4 Consumers and End Users (ESRS 2 SBM-3)



Our direct customers are generally downstream companies that either use our products directly or incorporate them into their own products for use by the end customer. In addition to the products themselves, the processing of data also plays an important role with regard to potential risks.

Negative Impacts

The Poppe + Potthoff Group recognizes risks in connection with the use of its IT infrastructure that can negatively affect the security of personal data, for example through the fraudulent use of data. Lack of transparency regarding data protection provisions, for example regarding data collection, storage, and use, can prevent customers from making informed decisions. Incidents affecting the security of personal data can impair trust and negatively influence the reputation of the Poppe + Potthoff Group.

The Poppe+Potthoff Group recognizes reputational risks in connection with its products and services. Frequent or particularly severe incidents, as well as risks to consumer safety, may undermine trust in the company.

In addition, incidents affecting the security of personal data of customers and end users may have a negative impact on brand image and brand value.

Positive Impacts

We comply with our customers' technical and safety-related requirements. Audits and internal quality assurance measures ensure that our products meet all technical specifications. The Poppe + Potthoff Group ensures that customers have access to comprehensive information about products and services, enabling informed decisions regarding performance, durability and environmental impacts.

Opportunities and Risks

Safeguarding our position as a reliable partner and developer of customized solutions contributes to increasing the satisfaction, loyalty, and trust of our existing customers. Long-term customer relationships and strong collaboration stabilize the organization's positive development and help secure jobs. Well-informed decisions and positive purchasing experiences contribute to increasing customer satisfaction, loyalty and trust. Frequent or serious accidents and hazards for consumers can impair confidence in the company. Incidents affecting personal data security can negatively impact brand image and brand value.

G.1 Corporate Policy (ESRS 2 SBM-3)



In line with the ESRS, a clear and reliable corporate policy represents an essential framework for our actions. It defines responsibilities, decision-making processes, and principles of conduct, thereby supporting compliance with legal requirements as well as internal standards. Against the backdrop of complex supply chains and regulatory developments in the automotive sector, it helps to systematically manage risks and integrate relevant sustainability topics into corporate governance.

Positive Impacts

A clearly defined and implemented corporate policy supports compliance with regulatory requirements and strengthens reliable processes and responsibilities. This can foster the trust of business partners, investors, and other stakeholders, and improve the foundation for long-term business relationships. In addition, it enables the structured integration of sustainability aspects into decision-making processes, allowing efficiency potential and competitive advantages to be derived. The clear definition and communication of core values for employees, in particular through the Poppe + Potthoff Code of Conduct, together with accompanying training, help to prevent environmentally and socially harmful behavior and promote individual responsibility, particularly regarding the prevention of corruption.

Risks

Inadequately designed or inconsistently implemented corporate policies may lead to violations of legal requirements and internal standards. This can result in legal and financial risks as well as reputational damage.

Within the context of complex supply chains, there is also a risk of insufficient transparency and inadequate management of sustainability issues, which may negatively affect the achievement of objectives and the foundation of trust with stakeholders. Furthermore, intensive participation of the Poppe + Potthoff Group in political decision-making processes can potentially entail reputational risks.



Environmental & Climate Protection

4.1 Environmental Protection



Our company is committed to a comprehensive approach to preventing and reducing environmental pollution at our production sites and along the entire value chain. We regularly identify, assess and manage the significant actual and potential impacts of our activities. For this purpose, we have implemented binding guidelines and operational procedures that ensure compliance with legal requirements and promote the continuous reduction of relevant pollutant emissions.

Our measures include, among others, the substitution of substances of concern, the use of low-emission technologies, structured waste management and preventive controls in our own operations. The effectiveness of measures is regularly monitored, documented and reviewed within the framework of our risk management and internal audits. We integrate the precautionary and polluter-pays principles into our decision-making processes and report transparently on progress, challenges and any incidents (E2-1, E2-2). Our goals include the reduction of greenhouse gases (Scope 1-3), increasing energy efficiency, the use of renewable energies and minimizing waste quantities and pollutant releases (E 2-3).

The environmental management systems of our production sites in Werther, Wörth and Ajka are certified according to ISO 14001. In addition, Poppe + Potthoff Präzisionsstahlrohre GmbH, as an energy-intensive site, has an energy management

system certified according to ISO 50001. The management of the sites bears responsibility for the individual environmental protection measures. The Group management bears overall responsibility for their implementation. Our employees at the production sites receive annual training on the topic of environmental protection.

The preservation of biodiversity is closely linked to the topic of climate change for our company. We understand biodiversity as an essential component of stable ecosystems and recognize that the reduction of greenhouse gas emissions and the careful use of energy, water and other resources provide an indirect but effective contribution to the protection of habitats and species diversity (E4-2). We currently do not collect specific biodiversity-related metrics and do not conduct independent biodiversity programs. Our sites are located neither in nor in the immediate vicinity of designated protected areas or ecologically sensitive regions and are not situated in areas with known water stress. We currently see no significant risk of direct impacts on biodiversity from our business activities (E4-3). We continuously monitor the further development of our approach to considering biodiversity in the context of regulatory requirements and future strategic objectives.

4.2 Climate Protection



Climate change has enormous impacts on nature, our society and our economy. Particularly the automotive sector is a major driver of climate change due to the materials used, its high energy demand and the exhaust emissions produced. The Poppe + Potthoff Group addresses these challenges through the development of sustainable drive technologies that can be used not only in cars but also in trucks, ships, aircraft and industrial plants. Addressing climate change is thus part of the core identity of the Group and it is our aspiration to make a positive contribution to tackling it.

We are convinced that the importance of sustainability will continue to grow in the coming years, not only within the automotive sector but also in industrial applications.

The positive and negative impacts in the areas of climate protection and energy described below were assessed as actual and potential impacts and risks as part of the double materiality analysis. Energy consumption and greenhouse gas emissions already arise along our supply chain.

Upstream Scope 3 emissions arise through the use of energy-intensive steel in our products and its transport. The manufacture of components within the company also requires a high input of energy. In addition, we use certain gases for leak testing and coolants, which themselves cause CO₂ emissions. Ultimately, our products are installed in

mobile and industrial applications and contribute to the exhaust emissions caused during the use phase.

Within this value chain, it is our concern to exert a positive influence on climate change. We orient ourselves to the wishes of our customers, who are likewise aware of their responsibility and communicate their ambitious targets to us. We therefore actively involve our suppliers in achieving these goals and maintain close dialogue on the use of renewable energies and sustainable production. As an internationally active company, we also optimize our transport routes in the value chain. Within the Poppe + Potthoff Group, we continuously work on measures to improve our impacts on climate change and promote the use of renewable energies in our production processes. We also continuously work on optimizing material usage, reduce rejects and waste, and optimize processes. We also consistently focus on improving the efficiency of our products in their application.

The identified material impacts and risks have a direct influence on the business model and strategy of Poppe + Potthoff. In our Group strategy, sustainability therefore plays a key role. The operationalization of the strategic approach is being continuously driven forward through the increased integration of the topic into our organizational structure and company processes. This is carried out according to a hierarchy of measures: priority is the

avoidance of greenhouse gas emissions; second priority is converting the energy supply of the entire value chain to renewable energy. Together with our sites, we are working on measures for decarbonization.

This transformation requires far-reaching investments in the coming years, intended to strengthen our market position as a sustainable technology partner. (ESRS 2/SBM-3).



4.2.1 Energy



Due to our energy-intensive production, we attach great importance to our energy consumption and energy efficiency. By taking measures to reduce our energy consumption and transitioning to renewable energy sources, we simultaneously reduce our greenhouse gas emissions and decrease our dependence on the volatile energy market of recent years. Poppe + Potthoff therefore relies on comprehensive energy management.

A central building block is energetic modernization and the use of renewable energies. The Wörth site is equipped with a PV system that can cover approximately 32% of annual electricity demand. The system with a total output of 172.1 MWp produced 188 MWh of electricity in 2024, of which 38 MWh was fed into the power grid. The remaining energy is obtained as green electricity. In 2024, the electricity obtained came from the production of a biomass plant in France. In 2023, it was obtained from a hydropower plant in Sweden.

Our largest production site in Ajka intends to commission a solar park in 2026. Plans call for solar energy generation that will cover approximately 35% of current energy requirements. The new energy concept is to be complemented by a modern battery storage system.

The Czech P+P s.r.o. in Kunovice is also planning to commission a photovoltaic system in 2026. The installation of a system for the holding company in Werther is currently under review.

With an investment program of around 18 million euros, the Poppe + Potthoff Group is modernizing the tube mill at the Werther site over the next four years. The planned technical and infrastructure measures aim to increase efficiency, sustainability and competitiveness. The focus is on resource-efficient, technologically advanced production processes and the modernization of systems, measurement and testing technology. This creates the foundation for a long-term sustainable and future-proof production site.

The Poppe + Potthoff Group had a total energy requirement of 45,263 MWh in 2024. With 22,566 MWh, natural gas is our largest energy source. Electrical power is our second largest energy source at 21,859 MWh. The share of renewable energies currently amounts to 1% of total energy consumption (E 1-5). We see a significant starting point in improving this metric for saving future greenhouse gases and fulfilling our customer requirements.

P+P Group		
Data Point	Unit	2024
Direct Energy Consumption (GHG, Scope 1)	MWh	23.404
Fuels for thermal heat and electricity generation	MWh	22.586
Natural gas	MWh	22.566
Biogas	MWh	-
Diesel	MWh	-
Petroleum/heating oil	MWh	20
Other energy consumption (oil, gas and diesel for vehicles)	MWh	818
Indirect Energy Consumption (GHG, Scope 2)	MWh	21.859
Electricity for own consumption	MWh	21.397
Energy consumption from renewable sources	MWh	312
Self-produced and consumed electricity	MWh	150
Self-produced and consumed electricity	MWh	45.263
Share of green energy	%	1,0
Energy consumption in MWh/Mio. EUR production output	MWh	230

Table 3: Energy Consumption Automotive

The Automotive business segment accounts for approximately 49% of energy consumption. 16,819 MWh comes from electrical energy. In 2024, 4,990 MWh of natural gas was consumed. Currently, no renewable energy sources are in use at the plants in Ajka, Kunovice and Qingdao.

The objective in the Automotive segment is to significantly increase the share of renewable energy consumption in the coming years through the installation of photovoltaic systems. Specific targets are currently being developed.

Automotive		
Data Point	Unit	2024
Direct Energy Consumption (GHG, Scope 1)	MWh	5.184
Fuels for thermal heat and electricity generation	MWh	5.000
Natural gas	MWh	4.990
Biogas	MWh	-
Diesel	MWh	-
Petroleum/heating oil	MWh	11
Other energy consumption (oil, gas and diesel for vehicles)	MWh	184
Indirect Energy Consumption (GHG, Scope 2)	MWh	16.819
Electricity for own consumption	MWh	16.819
Self-produced and consumed electricity	MWh	
Self-produced and consumed electricity	MWh	
Self-produced and consumed electricity	MWh	22.003
Share of green energy	%	
Share of green energy	MWh	221

Table 3: Energy Consumption Automotive

The Industrial Products business unit had a total energy consumption of 22,263 MWh in 2024, contributing equally 49% to the Group-wide total energy consumption. The majority, 17,390 MWh, was accounted for by natural gas, attributable to the use of natural gas in the steel tube manufacturing of Poppe + Potthoff Präzisionsstahlrohre GmbH. In addition, 4,469 MWh of electrical power was consumed.

The majority of this was also attributable to steel tube production. The site is certified according to ISO 50001 and ISO 14001. The optimization of energy efficiency is part of the planned multi-stage investment project at the Werther site. R+W Antriebselemente obtains approximately one-third of its electricity requirements from its own PV system. It also obtained 312 MWh from a biomass plant in France.

Industrial Products		
Data Point	Unit	2024
Direct Energy Consumption (GHG, Scope 1)	MWh	17.794
Fuels for thermal heat and electricity generation	MWh	17.390
Natural gas	MWh	17.380
Biogas	MWh	-
Diesel	MWh	-
Petroleum/heating oil	MWh	9
Other energy consumption (oil, gas and diesel for vehicles)	MWh	405
Indirect Energy Consumption (GHG, Scope 2)	MWh	4.469
Electricity for own consumption	MWh	4.007
Energy consumption from renewable sources	MWh	312
Self-produced and consumed electricity	MWh	150
Total direct and indirect energy consumption	MWh	22.263
Share of green energy	%	2,1
Energy consumption in MWh/Mio. EUR production output	MWh	234

Table 4: Energy Consumption Industrial Products

The Innovation & Strategy business segment accounts for approximately 2% of the Group-wide total energy requirement. Poppe + Potthoff GmbH operates exclusively in an administrative function and as a development site. The main starting point for reducing energy requirements is consumption by vehicles.

Innovation & Strategy		
Data Point	Unit	2024
Direct Energy Consumption (GHG, Scope 1)	MWh	426
Fuels for thermal heat and electricity generation	MWh	196
Natural gas	MWh	196
Biogas	MWh	-
Diesel	MWh	-
Petroleum/heating oil	MWh	
Other energy consumption (oil, gas and diesel for vehicles)	MWh	230
Indirect Energy Consumption (GHG, Scope 2)	MWh	571
Electricity for own consumption	MWh	571
Energy consumption from renewable sources	MWh	
Self-produced and consumed electricity	MWh	
Total direct and indirect energy consumption	MWh	997
Share of green energy	%	
Energy consumption in MWh/Mio. EUR production output	MWh	413

Table 5: Energy Consumption Innovation & Strategy

4.2.2 Climate Protection

The Poppe + Potthoff Group is actively working to address the challenges of climate change. Through comprehensive integration into strategy and planning, the development of sustainable products, raw material procurement, production, sales and the financial management of the sustainability topic, we continuously adapt to the new challenges associated with climate change. As part of our annual planning process, we assess climate-related physical and transition risks and address the resulting measures across the various areas of our business activities. Current developments and uncertainties related to regulatory customer expectations, evolving requirements, as well as technological and macroeconomic trends are continuously monitored and incorporated into business planning. The insights gained are integrated into operational measures and the further development of the sustainability strategy as an integral part of the corporate strategy (E1-2).

The CO₂ emissions explained below are reported for the reporting year specifically by scope and relevant category. The presentation and calculation are based on the requirements of the Greenhouse Gas Protocol and recognized emission factors. These are updated annually in conjunction with the data collection process. To determine the system boundary of our GHG balance, we apply the operational control approach.

Regarding Scope 3 emissions, the GHG Protocol's assessment criteria were applied in determining the relevant categories. Based on factors such as magnitude and share, measurability, degree of influence, and level of risk, decisions on reporting were made. The categories 3 (Activities related to fuels and energy (not included in Scope 1 or Scope 2)), 9 (Downstream transport), 10 (Processing of sold products), 12 (Treatment of products at the end of their life cycle), 13 (downstream leased assets), 14 (Franchises) and 15 (Investments) are not reported for materiality reasons. The Poppe + Potthoff Group therefore focuses on categories 1 (purchased goods and services), 2 (capital goods), 4 (upstream transportation and distribution), 5 (waste generated in operations), 6 (business travel), 7 (employee commuting) and 8 (upstream leased assets). In doing so, intra-group transactions were also considered to prevent double counting.

The calculation of GHG emissions is based on recognized methods and data sources such as GEMIS, EEW, ProBas, data from local electricity suppliers, the German Federal Environment Agency, LfU Bavaria, and the IPCC (Intergovernmental Panel on Climate Change). In some cases, primary data from suppliers was used.

In 2024, the total CO₂ emissions of the Poppe + Potthoff Group amounted to 80,404 tons. Of this, Scope 1 and 2 together accounted for 38,445 tons. 42,854 tons fell under Scope 3 (E1-6), of which 30,844 tons were attributable to the purchase of goods and services. In accordance with the requirements of the ESRS, total GHG emissions are presented in relation to net revenue.

The total greenhouse gas intensity in relation to net revenue was 393.8 t CO₂e/Mio. EUR using the location-based method. Including only Scope 1 and Scope 2 emissions, a greenhouse gas intensity of 186.2 t CO₂e/Mio. EUR is achieved. In Scope 3, the greenhouse gas intensity amounts to 207.6 t CO₂e/Mio. EUR (E1-6).

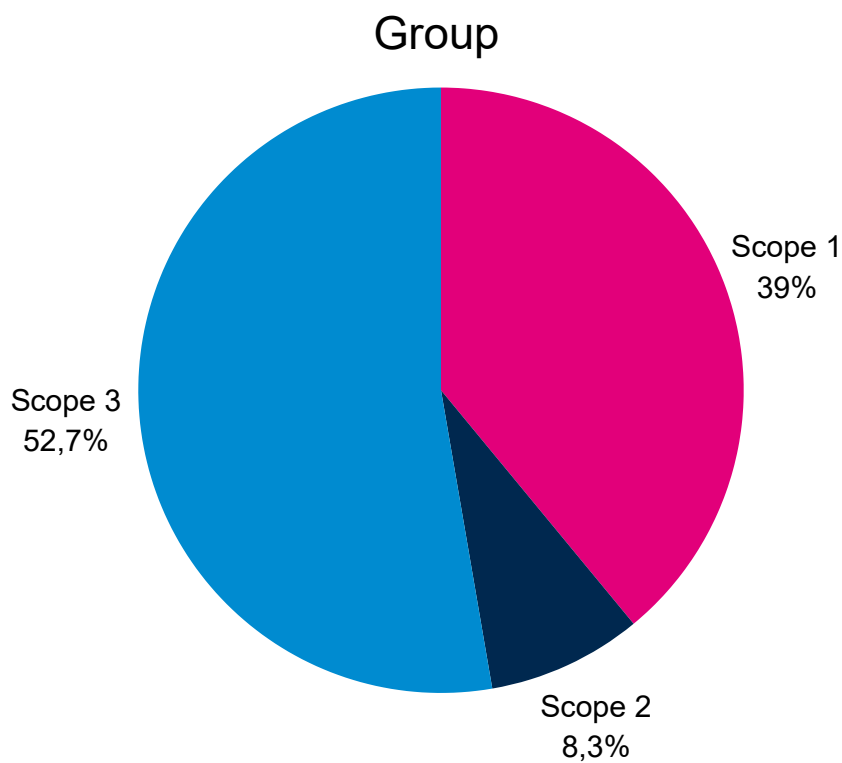


Figure 2: GHG Emissions of the Poppe + Potthoff Group by Scope 1, 2, and 3

	2024
GHG Intensity in tCO₂e/Mio. EUR net revenue	393,8
Scope 1 & 2	186,2
Scope 1	153,7
Automotive	280,5
Industrial Products	37,4
Innovation & Strategy	11,6
Scope 2	32,5
Automotive	50,8
Industrial Products	52,5
Innovation & Strategy	506,3
Scope 3	207,6
Automotive	241,7
Industrial Products	249,6
Innovation & Strategy	2.407,9

Table 6: GHG Intensity by Scope

The Automotive segment accounts for the largest share of total emissions, with 57,190 tons of CO₂e. This is currently primarily due to the use of various CO₂-intensive technical gases in production. In addition, the use of electrical energy contributes to the high CO₂ intensity.

The Industrial Products business unit recorded CO₂ emissions of 36,242 tons of CO₂e in 2024. Here, the combustion of natural gas in the production of our precision steel tubes is the main contributor to the greenhouse gas footprint.

In addition, the materials processed are CO₂-intensive.

With a CO₂ emission of 723 tons, our Innovation Center in Werther has the smallest share of the Group's GHG balance due to its purely administrative function and development activities.

The Poppe + Potthoff Group calculated its CO₂ emissions for the first time in 2024. The aim was, on the one hand, to meet regulatory requirements and, on the other, to respond to the information needs of our

customers. Based on this, we are working intensively with our sites on an action plan and concrete targets for reducing our GHG emissions.

Both energy efficiency measures and investments in renewable energy sources and adjustments to the procurement strategy are being considered (E1-1, E1-2, E1-3, E1-4).

	Group	Automotive	Industrial Products	Innovation & Strategy
GHG Emissions in tCO₂e	81.299	57.190	36.242	723
Scope1	31.725	27.998	3.610	117
1.1 - Business travel with company vehicles	57	10	24	23
1.2 - Transport with company vehicles	214	48	107	58
1.3 - Use of energy carriers for internal combustion	3.231	27	3.168	36
1.4 - Technical gases	28.224	27.913	310	-
1.5 - Other emissions	-	-	-	-
Scope2	6.720	5.071	1.468	180
2.1 - External energy supply (location-based)	6.720	5.071	1.468	180
2.2 - External energy supply (market-based)	-	-	-	-
2.3 - Other emitters	-	-	-	-
Scope3	42.854	24.120	31.164	426
3.1 - Purchased goods and services	30.844	17.766	25.853	82
3.2 - Capital goods	4.700	2.387	2.259	54
3.4 - Upstream transportation and distribution	3.548	1.228	2.320	0
3.5 - Waste generated in operations	1.661	1.396	244	20
3.6 - Business travel	246	12	81	152
3.7 - Employee commuting	997	472	407	118
3.8 - Upstream leased assets	31	31	-	-

Table 7: GHG Balance Poppe + Potthoff Group

4.3 Reduction of greenhouse gas (GHG) emissions



Due to our direct influence, the most important levers for reducing greenhouse gas emissions lie within Scope 1 and Scope 2. At the individual sites, we are working on concrete action plans to reduce greenhouse gas emissions. With the initial collection of CO₂ data, we have begun to develop reduction measures for the key drivers.

Our top priority is to reduce CO₂ emissions resulting from the use of technical gases. This requires adjustments to technical processes within production without compromising process reliability and product quality. The development of these measures is carried out in close coordination with our customers.

Furthermore, we are gradually installing photovoltaic systems at our sites to reduce CO₂ emissions and become less dependent on the volatile energy markets of recent years. R+W Antriebselemente already operates a photovoltaic system and produces around one third of its energy requirements itself. The remaining electricity is sourced directly from renewable energy sources. P+P Hungária Kft. is planning to commission a photovoltaic system in 2026, which will also cover around one third of its energy demand. P+P s.r.o. at the Czech site in Kunovice is likewise expected to be equipped with a photovoltaic system by the end of 2026. The installation of a photovoltaic system for the holding company at the Werther site is currently under review.

Through the construction of the new P+P Maschinenbau GmbH facility, building energy efficiency has been improved. For P+P Präzisionsstahlrohre GmbH, a refurbishment package totaling EUR 18 million for the years 2026 to 2028 has already been approved. At present, the impact on greenhouse gas emissions cannot yet be reliably assessed. These investments are aimed at achieving more efficient and sustainable production (E1-3). Based on the measures outlined, we assume that we can significantly reduce our greenhouse gas emissions. These measures are expected to improve emissions particularly in the Automotive business unit. Compared to the reported GHG inventory for 2024, we consider a reduction in our greenhouse gas emissions of approximately 25 percent achievable by 2027. A detailed reduction plan and the development of further measures are currently in progress (E1-4).

4.4 Water Consumption



Water is indispensable in the processing of steel and other metals for use in vehicles and industrial plants. For the Poppe + Potthoff Group, responsible management of the resource water is of great importance. Using modern technologies for water conservation and treatment, we have the means to permanently reduce water consumption and minimize the risks arising from it.

We reduce the use of drinking water using rainwater at production sites. In surface treatment, water is used to clean the drawn tubes after the pickling process.

We rely on the use of rainwater and a water treatment system to reduce water consumption and avoid environmental consequences from wastewater. At our Hungarian site, water is used in electroplating and in chemical deburring. Here too, water is treated before being discharged into the wastewater system (E3-1). The following table shows the water consumption of our largest production sites (E3-4):

	2024
Total water consumption (m3)	37.261
Automotive	26.786
P + P Hungária Kft.	24.972
P + P s.r.o.	1.814
Industrial Products	10.475
P + P Präzisionsstahlrohre GmbH	10.475
R + W Antriebselemente GmbH	1.142

Table 8: Water Consumption Poppe + Potthoff Group (E3-4)

4.5 Circular Economy and Waste



Responsible use of raw materials is an important part of the daily operations of the Poppe + Potthoff Group. Significant impacts, risks and opportunities in connection with resource use arise primarily from procurement markets, EU climate protection targets, associated regulation and opportunities from reducing raw material requirements. Furthermore, reducing raw material requirements can be seen in connection with the preservation of biodiversity, e.g. through the reduction of GHG emissions in raw material production and environmental pollution (ESRS 2 IRO-1).

We regard these topics as key influencing factors on our corporate strategy and proactively address the impacts, risks and opportunities. As a strategically relevant topic, responsibility for sustainable procurement and production lies directly with the Management Board (E5-1; cf. also Chapter 2.2).

The goal of the Poppe + Potthoff Group is to minimize risks associated with the procurement of raw materials and their environmental impacts. We work specifically to reduce the CO₂ intensity of the materials we use and to increase the proportion of recycled materials in our products (E5-3). The most important measures include energy efficiency measures in cooperation with our suppliers, and the targeted procurement and use of secondary materials in our products while maintaining our quality standards.

The products of the Poppe + Potthoff

Group are manufactured primarily using metals such as steel and aluminum. These materials are CO₂-intensive in production but can be recycled to a high degree. Work on reducing rejects and waste is continuously carried out at our sites. Special attention is paid to the reduction and disposal of substances of concern (E5-2).

The relevant resource inflows and outflows can be found in the following tables. The largest proportion of our purchased materials consisted of steel tubes and other steel items at 16,958 t. In addition, aluminum and stainless steel are primarily used, as well as necessary packaging materials (E5-4).

P+P Group		
	Unit	2024
Resource Inflows	t	16.949
Steel	t	16.105
Stainless steel	t	37
Aluminium	t	197
Copper	t	0
Brass	t	6
Wood packaging	t	423
Plastic packaging	t	106
Paper & cardboard packaging	t	75

Table 9: Resource Inflows Poppe + Potthoff Group



Due to the predominant use of steel in our production, most of the waste generated consists of metal waste. In 2024, 721 t of steel scrap was channeled into material recycling. Thermally recycled were primarily commercial waste similar to household waste and packaging waste. The hazardous waste includes waste from oil-containing operating materials used in production.

Other hazardous waste includes certain chemically contaminated waste from surface treatment processes. In 2024, a total of 2,573 t of waste was produced (E5-5).

P+P Group		
	Unit	2024
Total waste	t	2.573
Hazardous waste	t	1.070
Oil or oil-containing waste	t	377
Other hazardous waste	t	693
Non-hazardous waste	t	1.503
Waste for material recycling	t	721
Metal scrap	t	721
Other	t	0
Waste for thermal recovery	t	782

Table 10: Resource Outflows Poppe + Potthoff Group

Social Responsibility



5. Social Responsibility



As a company operating in the automotive industry, we face diverse challenges. On the one hand, we are experiencing a tense market environment that is changing rapidly and requires massive adjustments to our organization. On the other hand, we are dependent on highly qualified specialists for a successful transformation process. The overall situation arising from this requires intensive engagement with our personnel policy. It is our understanding that the complex requirements of our customers and process and product quality can only be ensured with the help of professionally well-trained employees.

Significant impacts, risks and opportunities with respect to our employees are associated with the topics of occupational safety and health, job security, financial security, employee satisfaction, training and development, and diversity (ESRS 2 IRO-1). We see these topics as key influencing factors on our corporate strategy and proactively address the impacts, risks, and opportunities.

As a strategically relevant topic, overall responsibility for sustainable personnel policy lies directly with the Management Board as well as the management of the sites (S1-1; cf. also Chapter 2.2). The goal of the Poppe + Potthoff Group is to minimize risks in connection with our social responsibility. These include avoiding workplace accidents and health-related absences, increasing employer attractiveness and employee satisfaction, and targeted investment in training and development (S1-5).

The measures to achieve these goals are diverse and site-specific. It is fundamentally our concern to create and maintain attractive workplaces. Strategic personnel planning and individual personnel measures are additionally supported by the holding company. Working time accounts are used at all sites where legally permissible. We value and promote the independent work of our employees. Furthermore, employees at our sites are involved in improvement and decision-making processes through an internal idea management system (S1-4). Measures relating to occupational safety and health protection are addressed in Section 5.2.

A works council exists at our production site in Werther and at the holding company. Nevertheless, close exchange between all employees is also welcomed and promoted at our other sites. We continuously review how we can promote dialogue with our employees and involve them more strongly in decision-making processes (S1-2).

The Poppe + Potthoff Group has established an internal reporting office in accordance with the requirements of the Whistleblower Protection Act, operated by 'avocado rechtsanwälte'. Employees and external stakeholders can raise concerns and reports through the reporting office (S1-3). In 2024, there were no incidents or complaints, not in connection with human rights (S1-17). Collective bargaining coverage encompasses Poppe + Potthoff Präzisionsstahlrohre GmbH and Poppe + Potthoff GmbH, corresponding to an employee share of 16.4%.

All other sites are not party to a collective bargaining agreement but equally pursue fair and industry-standard remuneration (S1-8, S1-10). Parameters such as the earnings gap between female and male employees and the ratio between the remuneration of the highest-paid individual and the median remuneration are currently not collected. We are reviewing the inclusion of such metric systems in our reporting (S1-16).

Ongoing technological change requires companies to continuously build up new competencies, particularly in future fields such as digitalization, artificial intelligence and modern working methods. High-quality education and training opportunities are considered a key foundation for innovation and competitiveness. At the same time, targeted qualification measures open long-term prospects for employees in a changing working environment.

The training and development of our employees is important to us and is a targeted means of our organizational development. Parameters such as training hours per employee are currently not collected. However, the Poppe + Potthoff Group continuously works on the targeted management of development offerings and is reviewing relevant metrics as a management tool (S1-13).

5.1 Workforce Structure and Development

The workforce of the Poppe + Potthoff Group can be classified in accordance with ESRS S1 into employees (S1-6) and non-employee workers (S1-7). Employees of the corporate group include all individuals with fixed-term or permanent employment contracts who were employed as of December 31, 2024. Non-employee workers are exclusively temporary workers. In the context of the materiality analysis, all workers of the Group, including non-employee workers were taken equally into account. In addition, impacts arising from the various business activities, production operations, and indirect functions were considered.

The Poppe + Potthoff Group employed 1,447 employees during the reporting period. Of these, 857 were employed in production and 486 in administration. The remaining 104 employees were in training, temporary employment or fixed-term contracts.

Due to the ongoing challenges in the automotive sector, we were also forced to reduce headcount in 2024. Most of the employee reduction in this business segment is attributable to the deconsolidation of the French site, which still employed 127 employees in December 2023. Due to the ongoing market situation, the Poppe + Potthoff Group was compelled to undertake restructuring measures.

Diversity parameters at the level of governing bodies are currently not collected (S1-9). We also currently do not collect information on people with disabilities (S1-12) or on work-life balance. We are currently assessing the extent to which such key figures can be used strategically.

Employees by Contract Type			
	2024	2023	2022
Total Employees	1.447	1.639	1.677
Automotive	753	918	930
Industrial Products	608	634	668
Innovation & Strategy	86	87	79
Production workers (permanent)	857	953	953
Production workers (fixed-term)	38	38	72
Production workers (temporary)	30	63	54
Salaried employees (permanent)	486	544	560
Salaried employees (permanent)	15	13	16
Salaried employees (permanent)	1	3	
Apprentices/Trainees	20	25	22

Table 11: Employees by Contract Type

5.2 Occupational Safety & Health Protection



In order to minimize impacts and risks in connection with occupational safety and health protection, we closely monitor any incidents and sources of possible impacts and risks. Within the framework of monthly meetings to review site performance, incidents and risks are reported to the overall Management Board and improvements are jointly developed to prevent hazards.

Employees regularly receive training within the framework of legal requirements on the topic of occupational safety and health in the workplace. Our sites in Hungary and Poppe + Potthoff s.r.o. in the Czech Republic are certified according to ISO 45001. R+W Antriebselemente in Wörth meets the requirements for systematic and effective occupational safety for the quality seal 'Safe with System' in accordance with the industry-specific implementation of the NLF/ILO-SH 2001 (S1-4).

At all sites, it is our concern to guarantee high occupational safety. Nevertheless, individual workplace accidents cannot be completely ruled out. In 2024, there were a total of 15 workplace accidents across the Group and 6 cases in which an operational incident with potential health impacts occurred but no subsequent incapacity for work was issued. In addition, two commuting accidents were recorded.

The Lost Time Accident Rate (LTAR) - i.e. the number of accidents with at least one day of lost time per 1 million working hours - reached a level of a maximum of 7.7 in 2024. For future reporting, the data is to be presented at the group level. There were no fatalities in 2024 resulting from

workplace accidents (S1-14).

In addition to incidents in connection with occupational safety measures, we continuously monitor our sick leave rate. This was at a high level at individual sites of the Group in 2024. To avoid long-term sick leave, we are in close dialogue with our sites and our employees. In the future, absenteeism rates can also be presented at the group level. At our site in Werther and at the Group holding company, we will promote the health of our employees through targeted sports offerings in cooperation with 'Sportnavi' (S1-4).



Supply Chain & Value Chain Responsibility



6. Supply Chain & Value Chain Responsibility

Along the upstream supply chain, potential risks exist for employees, such as through inappropriate working hours, lack of co-determination, inadequate occupational safety, hazardous working conditions or discrimination. These factors can negatively affect income, health and fundamental rights and, in extreme cases, lead to serious accidents or long-term illness.

This gives rise to potential supply risks and delays in the supply chain for companies, particularly in connection with working hours, health and safety and freedom of association. Further risks may exist in inadequate quality of purchased products and in violations of environmental standards or a high CO₂ intensity.

Additionally, risks of reputational and financial damage exist if controversies arise regarding working conditions or environmental aspects at direct and indirect suppliers (ESRS 2 SBM-3). To avoid such impacts, we conduct regular measures such as supplier audits in line with the Supply Chain Due Diligence Act (LkSG) and on-site visits. This enables us to identify potential risks at an early stage (S2-4).

The Poppe + Potthoff Group has established a reporting office in accordance with the requirements of the Whistleblower Protection Act, operated by 'avocado rechtsanwälte'.

Employees and external stakeholders can raise concerns and reports through the reporting office, which can also include concerns regarding the supply chain (S2-3). In 2024, there were no reported cases, particularly regarding corruption (G1-3).

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GOV-3	Integration of sustainability-related performance into incentive schemes	2.2
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Disclosure	Topic	Chapter
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Disclaimer

This Sustainability Report serves exclusively to provide information about the ecological, social and corporate activities and objectives of our company. The information contained herein is based on information available at the time of publication and internal data collections.

All metrics, analyses and assessments presented have been prepared with the utmost care. Nevertheless, deviations due to rounding, methodological further developments, subsequent data adjustments or changed framework conditions cannot be excluded.

This report contains forward-looking statements based on current assumptions and assessments of management. Such statements are inherently subject to risks and uncertainties, as they may be influenced by external factors such as regulatory developments, market changes, technological advances or economic conditions. Actual results may therefore differ from the expectations presented.

Unless otherwise stated, the data presented refers to the reporting period defined in this report. A continuous update of content outside the regular reporting cycle does not take place.

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