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Gender Note

For reasons of better readability, the male and female forms may be used alternately. All references to persons apply equally to all genders.



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MAJOR HIGHLIGHTS AND SUSTAINABILITY TARGETS

In 2023, Pankl Group recorded several significant developments and investments that made the fiscal year an outstanding one.

One focus was on adapting to climate change, for which Pankl Group invested in risk management and intelligent analytical systems. This means that Pankl Group is prepared for climate risks.

Pankl Group is actively committed to environmental protection through its participation in the biodiversity promotion initiative in Kapfenberg, in which 20 beehives were set up.

Considerable progress has also been made in the areas of environmental protection and energy efficiency. Extensions to ISO 14001 certifications and photovoltaic systems, a power purchase agreement, heat recovery projects and the use of renewable energies underline the commitment to sustainability.

The group has achieved significant improvements in energy efficiency and environmental protection through innovative projects such as the new aerospace building and the commissioning of a state-of-the-art deep hole drilling machine.

The Code of Conduct was adapted and consolidated at the level of the Group parent company. It applies worldwide to all employees, managers, board members as well as business partners, suppliers, customers, and consultants. Further guidelines were also adopted

in Pankl Group and a policy statement on compliance with human rights was published. To this end, employees, managers, and board members of Pankl Group were intensively trained in the areas of anti-corruption and business ethics. In addition, employees completed training on competition law and on acceptance of gifts and benefits.

As part of the implementation of the Supply Chain Due Diligence Act, Pankl Group introduced a globally valid and publicly accessible complaint procedure.

In November 2023, SHW AG completed new syndicated financing. As part of the contract arrangements, an integrated rendezvous clause with performance based ESG KPI components was also incorporated. This not only strengthened financial stability, but also underlined the commitment to sustainability. This concept will enable SHW to intensify and make more transparent its efforts to promote a sustainable future.

Overall, 2023 reflects Pankl Group's continued commitment to sustainable practices and implementation of ecofriendly initiatives that go beyond current challenges and make a clear contribution to a sustainable future.



Management board (from left to right): Thomas Karazmann, Wolfgang Plasser, Christoph Prattes, Anton Hirschmann

DEAR STAKEHOLDERS LADIES AND GENTLEMEN

The past 2023 fiscal year was extraordinary in many respects. In particular, the effects of the Ukraine war, the fluctuating price developments in the energy sector and the continued very high inflation rate characterised this period.

The fiscal year 2023 has once again shown that the strategic orientation of Pankl Group ensures sustainable corporate success. Especially in uncertain times characterised by high volatility, our diverse range of innovative and sustainable products prove to be an essential support. The high level of expertise of the entire Pankl team, which is constantly promoted and expanded, contributes significantly to the successful development of the Group. The partnership-based approach, coupled with a high level of motivation and flexibility, is what sets us apart and, last but not least, enabled us to achieve another excellent result in the past fiscal year. Pankl Group was able to generate record revenues of EUR 936m.

With our second sustainability report, we look to the future together. Climate change, social change, digitisation, and the shift in global markets are fundamentally changing the world. These factors mean that the automotive, racing and aerospace supply industries must also change. This creates new tasks and great opportunities for us. We therefore focus on environmental, social, and corporate management issues throughout the Group with great attention and responsibility.

Last year we further developed our corporate strategy. We focused on the topics of efficiency and transformation. In 2024, we will also further substantiate our sustainability strategy which integrates our climate policies.

With the analysis of double materiality, we have taken another significant step in 2023 to take a more comprehensive look at the issue of sustainability in our Company. In an inside-out and outside-in analysis, 15 key topics as well as the resulting risks and opportunities were identified across the Group in accordance with CSRD guidelines. You can find more detailed information about this in the report in the chapter "Major Sustainability Topics".

In this report we explain the progress we have made in terms of sustainability in 2023. You will gain an insight into our sustainable commitment and the goals we have set ourselves for the next few years.

We would like to thank all our employees for their commitment and our stakeholders for the good co-operation. We look forward to continuing to communicate with you in the future and consistently proceeding on our path to success together. We are convinced that we will be able to overcome future challenges in the best possible way.

Kapfenberg, March 2024



Wolfgang Plasser



Thomas Karazmann



Anton Hirschmann



Christoph Prattes

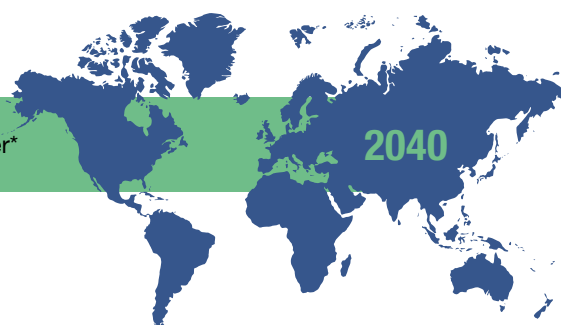
GENERAL INFORMATION

Until 2025 all Austrian facilities will operate in a climate-neutral manner*



Until 2030 all European facilities will operate in a climate-neutral manner*

Until 2040 all global facilities will operate in a climate-neutral manner*



* Scope 1 and Scope 2 according to GHGP-definition

MAJOR KEY FIGURES

EURk	2023	2022	2021
Sales revenues	936,192	836,549	709,123
EBITDA	95,686	82,073	74,370
EBITDA margin in %	10.2	9.8	10.5
EBIT	30,506	15,550	11,140
EBIT margin in %	3.3	1.9	1.6
Net earnings after income taxes	6,932	357	3,463
Shareholders' equity	306,091	304,204	310,17
in % of total assets	34.8	35.3	37.5
Operating free cash flow	24,129	-46,392	-43,727
in % of revenues	2.6	-5.5	-6.2
Net debt	-314,478	-321,107	-253,297
Capital expenditure	76,456	80,363	65,958
in % of revenues	8.2	9.6	9.3
Working capital employed	197,477	197,577	156,931
in % of revenues	21.1	23.6	22.1
ROCE in %	4.4	2.4	1.9

ABOUT PANKL GROUP

COMPANY PROFILE

Pankl AG (hereinafter referred to as "Pankl Group" or "the Company") is a leading international automotive and aerospace supplier. With its 4,373 employees at 21 locations worldwide, it develops, produces, and sells high-tech and high-precision individual components as well as complete systems in the racing, luxury automotive, passenger cars, aerospace, truck and off-highway, two-wheeler, and industrial applications markets.

The Company was founded in 2018 and is the parent company of the two globally operating com-

panies, Pankl Racing Systems AG (hereinafter "PARS") with its headquarters in Austria and SHW AG (hereinafter "SHW") with its headquarters in Germany (all collectively hereinafter referred to as the "Pankl Group" or "Group").

In 2023, Pankl Group was able to generate new record revenues of EUR 936m. A total of EUR 76m was invested for further growth.

CORPORATE MISSION STATEMENT

Pankl lives its values and shares them with all its stakeholders. Building on the strong corporate culture, local teams contribute to the dynamic development of the international group of companies. The employees of Pankl Group are crucial to the success of the Company. Thanks to their professionalism, passion and entrepreneurial spirit, opportunities can be seized, action taken decisively, and value created for all stakeholders. The excellent co-operation between employees is based on a firmly anchored and lived corporate culture, which forms the foundation of the organisation and is determined by the common basic values of High Tech, High Speed and High Quality.

The vision of Pankl Group is to develop and produce market-leading technical systems. Action is based

on the most modern findings. Pankl is committed to implementing new ideas. Through intensive research, it secures the decisive technological advantage.

Pankl Group strives to be the fastest in all aspects of its business. It wants to make a difference and is willing to make constant improvements. Pankl recognises the opportunities in its specific business area and takes appropriate action.

At Pankl Group, quality means perfection down to the last detail. It focuses all energies on the needs of customers. Quality also means striving for a long-term relationship of trust with business partners and colleagues.

CORPORATE STRATEGY

Pankl Group's strategy is aimed at technological leadership and expanding the product portfolio through synergies in the Group. The next steps are the further expansion of our own competencies and production technologies, a deepening of our own value-added share and the expansion of technology towards electrification and alternative fuels.

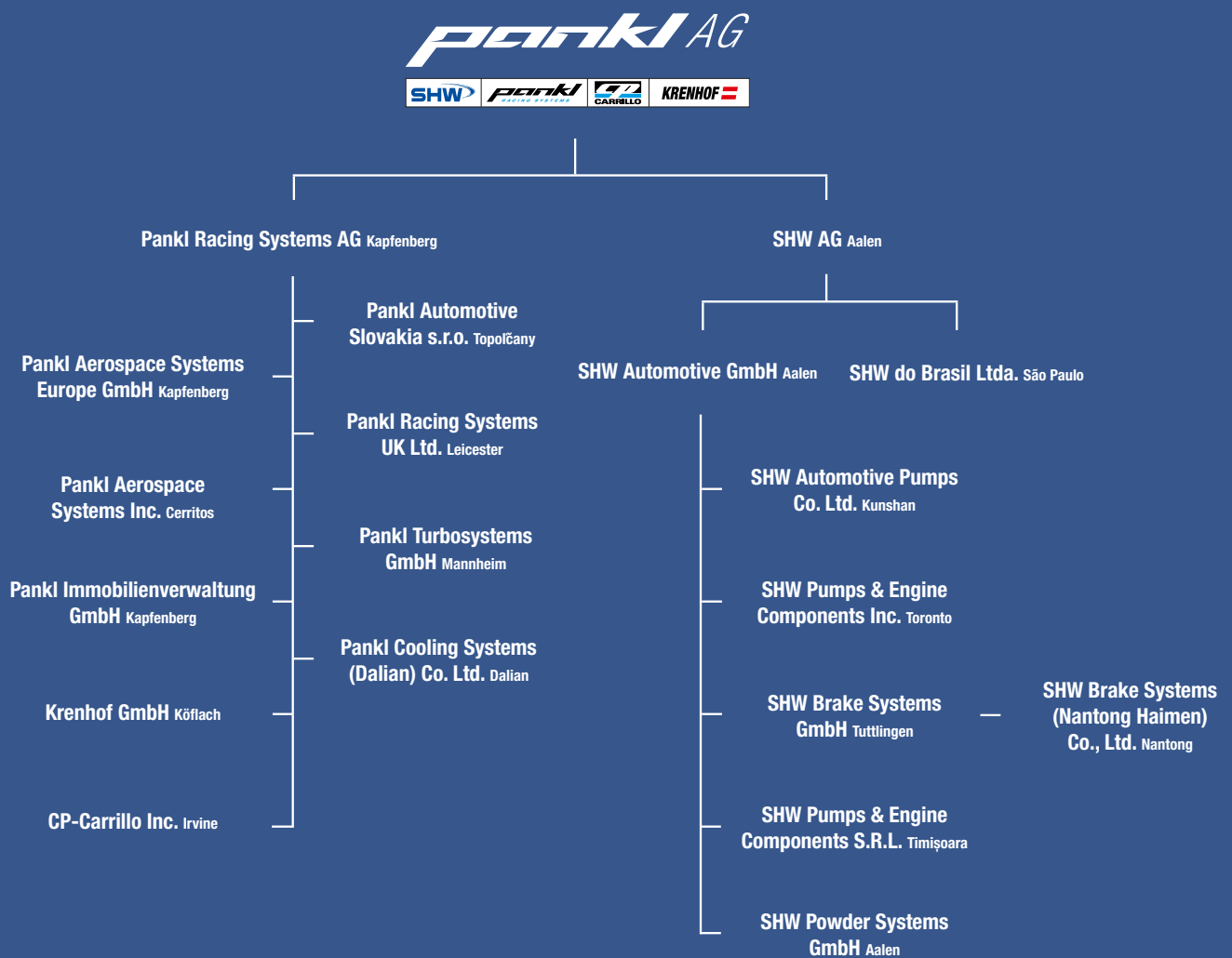
When it comes to sustainability, the focus is clearly on our own value creation processes from procurement to development and production. A target path for reducing the CO₂ footprint is set.

In addition to digitisation and automation, the development of new markets and the expansion

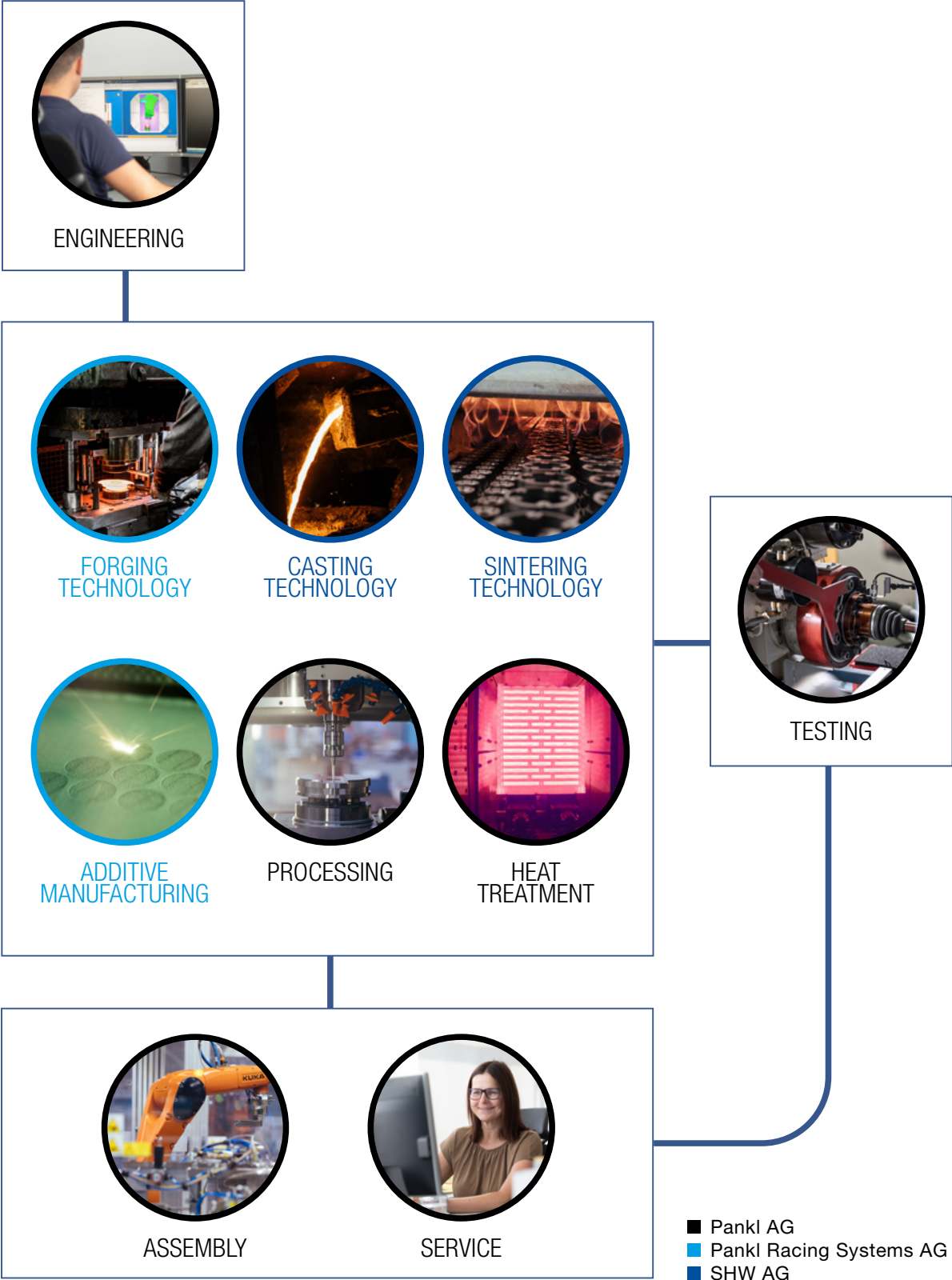
of the aftermarket in the brake disc sector are among the goals of Pankl Group.

The Company integrates environmentally friendly practices in all business areas, from development to production, to ensure a sustainable product life cycle. This includes transitioning to resource-efficient processes and materials while implementing initiatives to promote energy efficiency and the use of renewable energy. Through this strategic integration of sustainability, Pankl Group not only strives for ecological responsibility, but also sees this as a decisive contribution to long-term competitiveness and the meeting of social expectations.

GROUP STRUCTURE



VALUE CHAIN



MANAGEMENT STRUCTURE

MANAGEMENT BOARD



WOLFGANG PLASSER, CEO

- Wolfgang Plasser has been CEO of Pankl AG since 2018
- His current appointment will end on 1 October 2026
- Other management board mandates: Pierer Industrie AG, Pankl Racing Systems AG, SHW AG

THOMAS KARAZMANN, CFO

- Thomas Karazmann has been CFO of Pankl AG since 2020
- His current appointment will end on 30 November 2026
- Other management board mandates: Pankl Racing Systems AG, SHW AG



ANTON HIRSCHMANN, COO

- Anton Hirschmann has been COO of Pankl AG since 2021
- His current appointment will end on 30 April 2029

CHRISTOPH PRATTES, COO

- Christoph Prattes has been COO of Pankl AG since 2023
- His current appointment will end on 31 July 2025
- Other management board mandates: Pankl Racing Systems AG



SUPERVISORY BOARD

STEFAN PIERER
Chairman of the Supervisory Board
First elected on 5 October 2018
The current term will end in 2025

FRIEDRICH ROITHNER
Member of the Supervisory Board
First elected on 17 September 2018
The current term will end in 2025

HELFRIED SORGER
Member of the Supervisory Board
First elected on 18 May 2021
The current term will end in 2026.



KLAUS RINNERBERGER
Deputy Chairman of the Supervisory Board
First elected on 1 July 2020
The current term will end in 2025

JOSEF BLAZICEK
Member of the Supervisory Board
First elected on 17 September 2018
The current term will end in 2025

CORPORATE CULTURE AND CORPORATE ETHICS

Compliance principles are the basis for fair business behaviour and social dialogue. Pankl Group is committed to being a trustworthy business partner and employer by complying with laws, regulations, guidelines, and agreements and providing transparent reporting.

As an internationally acting group of companies, Pankl Group is therefore committed to strict principles of good corporate governance and transparency as well as to the constant development of an efficient system of corporate control. The framework is formed primarily by Austrian, German and EU law, the statutes, the rules of procedure of the Company's bodies and internal guidelines.

Pankl Group is committed to free and fair competition. This includes the prevention of any form of corruption. Pankl Group always pursues the goal of non-occurrence of a single corruption incident and expects appropriate behaviour from all employees, managers, and board members as well as all business partners, suppliers, customers, and

consultants. In 2023, there were no corruption proceedings against Pankl Group, no judgment was served in this regard, nor did any related fines have to be paid.

To make it clear which behaviour Pankl Group exemplifies and what is expected of all business partners, Pankl Group revised the Code of Conduct in 2023, consolidated it to the level of the parent company and published it. A compliance officer has been appointed by PARS and SHW to monitor observance. In addition, regular training courses on the Code of Conduct are carried out worldwide. The Code of Conduct can be accessed on the Pankl Group website in seven languages.

In addition, Pankl Group published a policy statement on compliance with human rights and a whistleblower policy in 2023. These guidelines are also accessible on the Pankl Group website and the whistleblower platform for internal and external stakeholders worldwide.



SUSTAINABILITY MANAGEMENT OF PANKL AG

SUSTAINABILITY STRATEGY

In the future, sustainable mobility will make a relevant contribution to a world worth living in, including for the next generations. Pankl sees itself as a partner and player to promote sustainable development with innovative production processes and efficient products and systems. The sustainability strategy serves as a guideline for implementing climate-relevant goals in a focused manner and actively helping to shape the transformation. A regularly updated materiality analysis shows the weighting of individual topics. The priorities set specify the key areas of action for the group of companies. Due to the dynamic development of the subject area and regulations, the sustainability strategy is constantly being further developed.

One focus in environmental matters is the alignment of the core business with the Paris climate target (limiting the global temperature increase to 1.5 degrees Celsius). To this end, Pankl Group has set itself a path to decarbonisation by 2040 with regionally staggered intermediate goals up to 2025 and 2030. The pilot project refers to the Austrian locations: Here, the Company's own emissions (Scope 1 and Scope 2 according to the Greenhouse Gas (GHG) Protocol) should be balanced by as early as 2025. To achieve the goals, the focus is on concrete reduction measures. Unavoidable emissions and emissions that cannot be avoided with economically justifiable efforts

are offset through compensation measures. A clear target path with an investment plan will be created for these emissions, which will reduce the compensation to net zero by 2040.

In the first step, the electrical energy supply will be provided by 100% green electricity without exception. In addition, the share of our own energy production should be gradually increased to around 10%. This share will be achieved both through our own photovoltaic systems and through systems built by partners with exclusive use by Pankl.

For the implementation of the decarbonisation strategy, an independent transformation budget was approved for the first time in the budget process for 2024 to be able to implement selected additional measures.

Despite the high depth of added value within the Group, emissions from upstream and downstream activities (Scope 3) are also responsible for a large proportion of the emissions from the Company's economic activities. Accordingly, long-term reduction targets for the supply chain will also be set in the course of 2024. In line with regulatory developments, Pankl assumes not only economic but also ecological and social responsibility along the entire value chain.

MANAGEMENT SYSTEMS AND SCOPE OF CERTIFICATIONS

MANAGEMENT SYSTEMS

For many years, Pankl Group has maintained an integrated management system that meets the normative and customer-specific requirements for quality management, environmental management, energy management and information security.

In the automotive and aerospace industries there are high demands on products, processes, environmental protection, energy efficiency, work safety and health protection, information security and employee awareness of these matters. Pankl Group meets these requirements through certification according to standards such as ISO 9001, IATF 16949, AS/EN 9100, VDA 6.1, ISO 14001, ISO 50001, ISO 45001, VDA ISA (TISAX), Nadcap and many more.

Pankl Group organisations currently hold a total of 65 certifications, the effectiveness of which is monitored annually based on audits by customers, authorities, certification companies and internal bodies. It is a clear goal of Pankl Group that all locations achieve and maintain certification of the highest level.

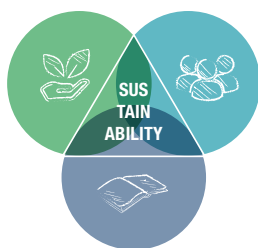
SCOPE OF CERTIFICATIONS

Pankl Group has successfully undergone various certifications to demonstrate its commitment to quality, environmental protection, and sustainability. As part of the NQC certifications, the current average value is between C75 and B81. This shows a continuous effort to achieve and maintain high quality standards.

The Company has also undergone assessments by Ecovadis. Pankl Aerospace received a gold rating. This represents an outstanding achievement in corporate sustainability. The overall assessment of Pankl Racing Systems is currently being revised with the aim to optimise corporate performance with increased sustainability activities.

Regarding the Carbon Disclosure Project (CDP), an assessment result of C was achieved in 2023, which is the same result as in the previous year. The goal of Pankl Group is at least to achieve the benchmark of B, which is common in the automotive sector, and to continue to improve.

Through the targeted pursuit of certification goals and continuous improvements, Pankl Group sends a clear signal of its commitment to the highest standards and its pursuit of more sustainable and responsible business management.



SUSTAINABILITY PROCESS

As part of its sustainability process, Pankl Group places a particular focus on the systematic analysis of environmental, social, and corporate governance (ESG) issues. For this purpose, a materiality analysis was carried out for the second time to identify the relevant aspects and evaluate their effects. The so-called corporate carbon footprint (CCF) is calculated annually to show the CO₂ emissions caused.

To implement these goals, key performance indicators (KPIs) are defined that include qualitative and quantitative aspects in the ESG areas. Tracking of these metrics is ongoing to monitor progress and make adjustments.

Measures to achieve the sustainability targets are derived directly from the defined goals. These measures go through a process during the budget pha-

se and are implemented in the best possible way. Particular attention is paid to the topics of energy efficiency, the increased use of renewable energies and measures to optimise heating and cooling processes.

A crucial element of the sustainability process is continuous improvement, which is anchored not only in the operational measures but also in the Company's management system. This ensures the continuous development of Pankl Group. Given the constantly growing number of legal requirements in sustainability, it is particularly important that Pankl Group acts flexibly and quickly adapts to new legal framework conditions.

MAJOR SUSTAINABILITY TOPICS

To develop a systematic sustainability strategy and pursue it in a targeted manner, relevant focal points must be identified and selected. The materiality analysis is used for this purpose. In 2022, Pankl Group conducted a comprehensive materiality analysis in accordance with GRI standards with a group of stakeholders for the first time. In 2023, a so-called double materiality analysis was carried out for the first time based on CSRD guidelines.

The aim is to establish a standardised assessment to improve the comparability of reports and thus enable continuous improvement in sustainability.

The materiality analysis supports the linking of the identified topics with the reporting contents and thus also the possibility of setting appropriate sustainability goals for the Company. The regular updating of the materiality analysis forms an integral part of Pankl Group's sustainability strategy.

Materiality is examined at two levels ("double materiality") and requires companies to assess risks and opportunities from two perspectives; on the one hand from a financial perspective and on the other hand in terms of how they affect the company and what impact they have on society, people, and the environment.

The double materiality analysis was divided into the following steps:



First, a comprehensive analysis of the value chain was carried out to determine the stakeholders who should be included in the survey process and to develop a strategy for carrying out the impact assessment.

In a second step, potential material topics were examined according to ESRS standards and impacts, risks and opportunities were derived. About 100 internal and external topics and trends regarding the environment, social issues, and corporate management were compiled. This list of topics has been structured according to ESG criteria.

The assessment process for impacts, risks and opportunities took place in two steps:

The materiality of the impact was assessed by ESG management. An inside-out evaluation was carried out with the involvement of stakeholders through an impact assessment. Scale, scope, reversibility and the probability of occurrence were assessed. The materiality limit was set analogously to risk management.

The financial materiality was assessed by risk management. The outside-in assessment took place through various interviews with the responsible people at each Pankl Group location. Risks and opportunities were assessed, and risk identification was carried out through a risk assessment including the probability of occurrence and financial impact.

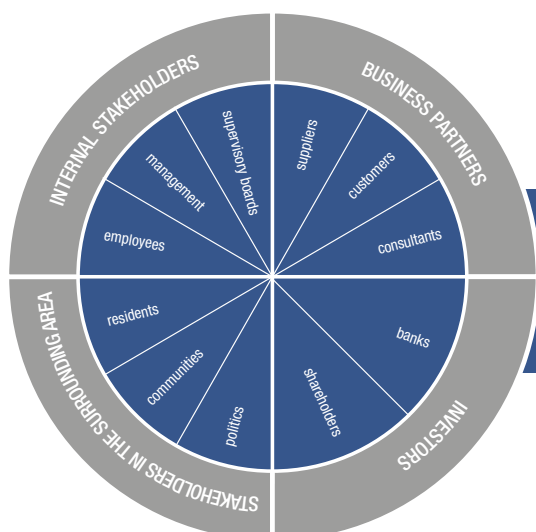
After carrying out the analyses, the main themes were derived and documented. For Pankl Group, 15 essential topics were filtered out, which in turn were divided into nine main topics and six subtopics.



Finally, consolidation took place within the Group. On the one hand, this included weighting the topic areas and the interviews according to the sales volume of the respective locations and companies. On the other hand, the main topics of PARS and SHW were brought together and consolidated in the parent company Pankl AG.

ESG STAKEHOLDER DIALOGUE

Both the fulfilment of social and ecological responsibility and the long-term economic success of Pankl Group are based on successful co-operation with various stakeholders and the respectful handling of their concerns. The exchange with internal and external stakeholders and their active involvement in Pankl Group's business activities are crucial for the Company. Particularly as a global company in the automotive and aerospace supply industries, Pankl Group is aware of the scope of its influence on key areas of society.



STAKEHOLDER OF PANKL AG

ENVIRONMENTAL ASPECTS AND CLIMATE CHANGE

INFORMATION ACCORDING TO THE TAXONOMY DIRECTIVE FOR THE FISCAL YEAR 2023

As part of the EU Action Plan on Sustainable Finance¹⁾, the redirection of capital flows into sustainable investments is a key objective. Against this background, the EU Taxonomy Regulation (Taxonomy Regulation, Regulation (EU) 2020/852) came into force in mid-2020, which is a uniform and legally binding classification system that determines which economic activities in the EU are considered “ecologically sustainable”. The results of this classification must be reported annually on a company-specific basis.

Section 9 of the Taxonomy Directive states six environmental goals:

- 1 – Climate change mitigation;
- 2 – Adaptation to climate change;
- 3 – Sustainable use and protection of water and marine resources;
- 4 – Transition to a circular economy;
- 5 – Prevention and reduction of environmental pollution;
- 6 – Protection and restoration of biodiversity and ecosystems

In 2021, the EU published specifications for sustainable economic activities within the meaning of the Taxonomy Regulation for two environmental goals (“climate change mitigation” and “adaptation to climate change”) and in 2023 for the other environmental goals. The regulation differentiates between taxonomy eligibility and taxonomy conformity. Taxonomy eligibility must be reported for all six environmental goals in the 2023 financial year. Taxonomy conformity is only mandatory for the environmental goals “climate change mitigation” and “adaptation to climate change” in the financial year 2023. Reporting will be simplified for environmental goals three to six in 2023. An economic activity is eligible for taxonomy if it is listed in the catalogue of the Taxonomy Regulation. For taxonomy conformity, cumulative testing and fulfilment of the three conformity conditions must be demonstrated:

- Significant contribution to an environmental goal by complying with the evaluation criteria formulated for the economic activity.
- Fulfilment of Do No Significant Harm (DNSH)-criteria, to prevent adverse impacts on one or more environmental goals.
- Compliance with minimum social protection criteria (Minimum Safeguards).

REPORTING FOR THE FISCAL YEAR 2023

Due to Article 8 Item 1 of the Regulation in conjunction with Section 243b and Section 267a UGB, Pankl AG is obliged to apply the regulations of the Taxonomy Regulation. In accordance with Section 245a Paragraph 1 UGB, the consolidated financial statements of Pankl AG were prepared in accordance with IFRS as of the closing date. The amounts used to calculate the revenues, capital expenditure and operating expenditure key figures were based on the figures reported through full consolidation.

The scope of consolidation corresponds to that of the financial reporting.

For the 2023 fiscal year, a complete analysis of the Company's economic activities was carried out and the subsequent examination of whether they could be assigned to an economic activity in accordance with the Taxonomy Directive for all six environmental goals. The analysis led to a major change in the underlying valuation methodology.

The new assessment methodology includes criteria for a clear assignment of an economic activity to an economic activity listed in the Taxonomy Regulation. This leads to better industry comparability and greater transparency through the changed allocation of economic activities. The entire vehicle fleet was assigned to the economic activities for transport (6.4.-6.6) because an assignment to these economic activities was considered more ap-

propriate. Building renovations were not identified for the 2023 fiscal year because the investments made were expansions or repairs and maintenance work on buildings. Due to their link to sales-related economic activities, all operating and office equipment was connected to the economic activities "3.18. Manufacturing of automotive and mobility components and 3.21. Manufacture of aircraft".

Taxonomy eligibility and -conformity was determined based on the following process steps:

Process	Integrated Departments
1. Determination of the companies to be included	ESG-Team, IR, Controlling
2. Analysis of sales-related economic activities	ESG-Team, IR, Controlling
3. Analysis of non-sales-related economic activities	ESG-Team, IR, Controlling
4. Allocation of activities regarding Taxonomy eligibility	ESG-Team, IR, Controlling
5. Fulfilment of minimum social protection criteria	IR, Legal
6. Calculation of KPIs	ESG-Team, IR, Controlling
7. Consolidation	IR, Controlling
8. Reporting including notification sheet	ESG-Team, IR, Controlling

Due to further regulatory developments and clarifications on interpretation uncertainties from the EU, deviations and changes in disclosure may arise in future fiscal years. These changes will be explained accordingly if necessary and, if the valuation methodology changes, the comparative figures will be recalculated to ensure comparability.

ECONOMIC ACTIVITIES

The analysis of business activities was divided into consideration of sales-related economic activities and non-sales-related economic activities. Sales-related economic activities generate sales for the Company and include the entire product portfolio as well as the associated investments and costs. Non-sales-related economic activities refer to investments and costs that are not related to the business of the Company and its sales

but are necessary as part of the business activity. A key factor in classifying the activities was the distinction between different business models and drive technologies. The business models are divided into "trading" and "manufacturing/assembly". If products were purchased and resold without any significant change, they were assigned to the "trade" business model and therefore reported as non-Taxonomy-eligible sales.

The following economic activities were analysed for Pankl AG:

Sales-Related Economic Activities

The core business of Pankl AG includes the development, manufacture and distribution of high-quality engine components, drive systems, pumps, and brake discs for two- and four-wheeled motor vehicles as well as drive systems and components for aircraft and engines. All activities that are directly related to these products were assigned to the environmental goal “climate change mitigation” and subsequently to the economic activities “3.18. Manufacture of automotive and mobility components” and “3.21. Manufacture of aircraft”. This resulted in the classification of the above-mentioned core business as a taxonomy-eligible economic activity. All Pankl AG products that are purchased exclusively for trading purposes were classified as not being directly attributable to an economic activity.

In addition, the product portfolio includes activities in the areas of digitisation and research and development. Services from these activities are used almost exclusively for internal purposes and were therefore not considered in the analysis. Services to third parties in the area of software development were analysed but could not be assigned to any economic activity and were therefore identified as not eligible for Taxonomy.

In the fiscal year 2023, the following major sales-related economic activities were analysed in connection with the Taxonomy Directive:

Economic activity	Description	Environmental goal
3.18. Production of automotive and mobility components	Development, production and distribution of premium engine components, drive systems, pumps, and brake discs for two- and four-wheeled power vehicles	Climate change mitigation (CCM ²)
3.21. Manufacture of aircraft	Entwicklung, Herstellung und den Vertrieb Antriebssysteme und Komponenten für Luftfahrzeuge und Triebwerken	Climate change mitigation (CCM ²)

Non-Sales-Related Economic Activities

The analysis of non-sales-related economic activities was based on discussions with the specialist departments. For further analysis, the clear allocation of the costs to the respective economic activity was checked to exclude double counting in the calculation.

In the fiscal year 2023, the following major non-sales-related economic activities were analysed in connection with the Taxonomy Directive:

Economic activity	Description	Environmental goal
6.4. Operation of personal mobility devices, cycling traffic logistics	Company bicycle	Climate change mitigation (CCM ²)
6.5. Transport by motorcycles, cars, and light commercial vehicles	Company cars and vehicles	Climate change mitigation (CCM ²)

CONFORMITY REQUIREMENTS

According to Delegated Directive (EU) 2023/2485 of the EU Commission of 27 June 2023 amending Delegated Directive (EU) 2021/2139, only Taxonomy eligibility is to be reported for the additional economic activities in the fiscal year 2023.

Adaptation to Climate Change

A significant novelty in the 2023 fiscal year was the Group's implementation of a climate risk and vulnerability analysis to meet the DNSH criteria, which is why the analysis is described in more detail below. As part of the analysis, the climate impacts on the locations relevant to the economic activities were examined. First, the physical climate impacts were examined regarding their potential influence on the economic activities and then current and future climate risks were identified at the selected locations using climate projections. Finally, impacts on economic activities and remedial measures were assigned. For further information, please see the "Climate Risk and Vulnerability Analysis" section.

Minimum Social Protection Criteria

Finally, an established minimum protection procedure must ensure that activities are in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards, and the International Charter of Human Rights. This is guaranteed by the Group's Code of Conduct, which defines the framework conditions for its economic activities. These form the basis of all co-operation within and outside Pankl AG.

Pankl AG ensures the implementation of and compliance with a careful due diligence process and deals intensively and regularly with all relevant risks, which include core issues such as human rights (including child and forced labour, labour and consumer rights), bribery, solicitation of bribes and extortion, taxation and fair competition. These efforts span all Company locations and supply chains to identify and address potential impacts in these areas. The basis for this is an abstract risk analysis at country level that was launched in the 2023 fiscal year. Countries in which the Group operates are considered. In the next step, this will be supplemented by industry risks and a specific risk analysis. The ratings (country assessment) are based on publicly available (country-specific) indices, such as the Global Gender Gap Index, the Corruption Perception Index, and the Environmental Performance Index, which are reviewed and updated annually.

The Section Corporate Culture and Corporate Ethics provides detailed information on the Code of Conduct.

KEY FIGURES

Based on a complete analysis of the economic activities, the share of Taxonomy-eligible and/or Taxonomy-conforming sales revenues, investments (Capex) and operating expenses (Opex) of the respective totals of Pankl AG for the fiscal year 2023 were stated in accordance with the Taxonomy Directive. In principle, all fully consolidated

companies are included in terms of sales revenues, investment, and operating expenses. Double counting was avoided because amounts could either be assigned directly to an economic activity or broken down based on the portion of Taxonomy-conforming products from the total number of units produced per production location.

Revenues Key Ratios

The sales key ratios result from the portion of sales revenues from Taxonomy-eligible and Taxonomy-conforming economic activities in a financial year to the total sales revenue. The amounts shown under this item in the profit and loss account represent the basis for sales revenues.

According to the Taxonomy Directive, total sales revenues for the 2023 fiscal year of about EUR 936.2m form the denominator of the sales key ratio. Through a detailed analysis of the sales revenues, the respective sales were assigned to the Taxonomy-eligible economic activities which form the numerator of the sales revenue of the Taxonomy-

eligible economic activities for the 2023 fiscal year. All core activities could be allocated to economic activities “3.18. Manufacture of automotive and mobility components” and “3.21. Manufacture of aircraft” and identified as Taxonomy-eligible. Economic activities that relate to outsourced production or trade are not taken into account when calculating the Taxonomy-eligible turnover.

There was a significant change in taxonomy-eligible sales compared to the fiscal year 2022. The reason for this was that Pankl AG's core activities were considered for the first time in the delegated regulation.

Capex-Key Ratios

The Taxonomy-eligible Capex indicates the share of capital expenditure (Capex) that is associated either with a Taxonomy-eligible economic activity or with the purchase of products and services from a Taxonomy-eligible economic activity.

The basis of capital expenditure for calculating Taxonomy eligibility is the additions to property, plant

and equipment and intangible assets during the fiscal year before depreciation and any revaluations and without changes in the fair value. They also include additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS (IAS 16, 38, 40, 41, IFRS 16); and national accounting policies if IFRS are not applied).

Capital expenditure in EURk	2023
IAS 16 Tangible fixed assets	47,914.96
IAS 38 Intangible assets	5,966.45
IFRS 16 Leasing contracts	15,723.43
Total	69,604.84

The denominator for calculating the Taxonomy-eligible share of Capex is the consolidated additions to property, plant and equipment and intangible assets as well as additions from capitalised rights-of-use assets and amount to about EUR 69.6m

The numerator includes Taxonomy-eligible investment expenditure for economic activities that could either be directly assigned to a non-sales-related economic activity or are connected to a sales-related economic activity, as well as investments that are associated with the purchase of production and services from a taxonomy-eligible economic activity. If the investments could not be assigned to any economic activity, they were designated as activities not eligible for Taxonomy.

Investments related to economic activities “3.18. Manufacture of automotive and mobility components” and “3.21. “Manufacture of aircraft” include all activities that are related to a revenue-generating activity. These include, among other things, tangible fixed assets, operating and office equipment, production facilities, capitalised research and development costs and tools.

Opex-Key Ratios

The Taxonomy-conforming OpEx indicates the proportion of operating expenses within the meaning of the Taxonomy Directive that is associated with Taxonomy-conforming economic activities or the acquisition of products from a taxonomy-conforming economic activity.

The basis for the calculation of operating expenses according to the Taxonomy Directive was the

direct, non-capitalised costs for research and development, building renovation measures, short-term leasing, maintenance and repair as well as all other direct expenses for the ongoing maintenance of property, plant and equipment by the Company or by third parties that are necessary to ensure the continued and effective functionality of these systems (e.g. costs for cleaning).

Operating expenses in EURk	2023
Research and development	859
Short-term leasing	786
Maintenance and repair	38,259
Other direct expenses related to the daily maintenance of tangible fixed assets	1,388
Total	41,292

To calculate the denominator of Pankl AG in accordance with the Taxonomy Directive, the operating expenses for short-term rental and short-term leasing, maintenance and repair expenses as well as all cleaning costs were included as other direct expenses in connection with the daily maintenance of property, plant, and equipment. The operating expenses in the denominator amount to about EUR 41.3m.

The numerator resulted from the analysis of the expenses of the above accounts and their allocation to a sales-related or non-sales-related economic activity. Costs for which it was not possible to allocate them to a non-sales-related economic activity were again classified as not eligible for Taxonomy. The largest share of Taxonomy-eligible operating expenses is directly related to economic activities “3.18. Manufacture of automotive and mobility components” and “3.21. “Manufacture of aircraft” as these costs ensure the continued functioning of the Company. Furthermore, costs for short-term leasing in transport (economic activities “6.5. Transport by motorcycles, cars, and light commercial vehicles”) were classified as eligible for Taxonomy, as were costs associated with the maintenance of the associated vehicles. Costs from the purchase of company bicycles are an asset of low value and were therefore reported as

Taxonomy-eligible operating costs (economic activity “6.4. Operation of personal mobility devices, bicycle traffic logistics”).

It could not be determined that the conformity conditions for the Taxonomy-conforming economic activities were met because either the relevant evidence was missing or the significant contribution to an environmental goal was not achieved.

There are no significant changes in the amounts. Economic activity “6.4. Operation of personal mobility devices, bicycle traffic logistics” was added due to the offer of a company bike for employees in the fiscal year 2023.

The detailed notification forms in accordance with delegated regulations 2023/2486 (KPIs on sales, Capex, Opex) and 2022/1214 (information on activities in the areas of nuclear energy and fossil gas) can be found in the appendix.



ADAPTATION TO CLIMATE CHANGE

MAJOR IMPACTS

Pankl Group is facing actual and potential impacts while adapting to climate change. The increasing risks caused by extreme weather events pose an indirect threat to global operations. Production processes, particularly in regions that are increasingly affected by natural disasters, could be significantly affected by floods, hail and storms, earthquakes, or landslides.

Supply chain disruptions pose a potential risk. Raw material availability may also be threatened from climate risks, leading to production disruptions and delivery delays. In this context, Pankl Group analyses its supply chains for potential vulnerabilities to take early measures, such as increasing inventories, to secure supplies.

Energy supply, a crucial component for stable production, could also be affected. Fluctuations in energy supply due to climate-related changes require strategic planning and further investment in alternative energy sources to ensure operational continuity.

Stricter environmental regulations are an additional factor that Pankl Group is facing. New emissions control laws and regulations could result in additional costs and require adjustments to operational practices.

Through these measures, PARS and SHW are positioning themselves not only to minimise risks, but also to take advantage of potential opportunities for sustainable innovation and operational efficiency gains.

RISKS AND OPPORTUNITIES

Rising costs of insurance due to increased climate risks and possible damage to operational facilities and assets pose financial challenges. Investments in ecofriendly technologies and sustainable production processes can not only reduce risks, but also lead to more efficient operations and new market opportunities. Diversifying the supply chain and promoting sustainable working practices improve security of supply and contribute to corporate sustainability.

Overall, adapting to climate change represents financial risks on the one hand, but on the other hand it also opens significant opportunities for Pankl Group. A comprehensive strategic approach to financial risks, promoting innovation, developing sustainable supply chains, and building a positive image makes it possible to improve competitiveness and make a positive contribution to environmental protection.

CLIMATE CHANGE ADAPTATION STRATEGY

Pankl Group is already investing in renewable energies as a central element of its strategy to reduce dependence on fossil fuels. These investments are intended not only to minimise emissions, but also to increase operational

energy efficiency. State-of-the-art technologies and efficient production processes are implemented to optimise energy consumption and minimise environmental impact.

RELATED SDGs

- 7.2 To significantly increase the share of renewable energies in the global energy mix by 2030.
- 13.1 To increase resistance and adaptability to climate change related dangers and natural disasters.
- 13.2 To include climate protection measures in strategies and planning.



TAKING MEASURES AND FURTHER EXPLANATIONS

In 2023, Pankl Group made critical investments in two advanced software systems to strengthen its climate change adaptation measures and expand risk analyses to include environmental, social, and corporate management factors.

To be prepared for possible disruptions caused by extreme weather events or other climate-related risks, Pankl Group has also implemented a risk management system. This includes regular updates of the risk assessment.

To support this process, Pankl Group relies on an intelligent analysis solution. This enables a comprehensive

review of the performance of business partners in ESG areas. By using ESG rankings, Pankl Group gains crucial insights to promote ethical and sustainable business relationships, reduce risks, increase corporate resilience, and support ESG goals. These integrated tools form the basis for Pankl Group to not only face the current challenges of climate change, but also to implement long-term sustainable working methods and fulfil the principles of due diligence for its own supply chain.

CLIMATE RISK ANALYSIS AND VULNERABILITY ANALYSIS

To identify significant climate risks to the Group's business activities, a climate risk analysis was carried out for all Pankl AG locations. A special software solution was used to analyse physical climate-related impacts on the Company (chronic and acute)²⁾. All locations were examined for their current and future exposure to physical climate

risks. Various development scenarios were considered during the analysis. These were three Shared Socioeconomic Pathways (SSP), which were described in the sixth synthesis report of the Intergovernmental Panel on Climate Change (IPCC)³⁾. Through the selection of these scenarios a wide range of developments are covered.

- SSP1-2.6: Achieving net-zero emissions by 2070
- SSP2-4.5: No change in CO₂ emissions by mid-century compared to current emissions intensity
- SSP5-8.5: Doubling of CO₂ emissions by 2050

Impacts and mitigation measures were assigned to the critical physical climate risks. The remedial measures reduce the impact of climate risks so that there is no need for action in the short term. An overview of the physical climate risks identified can be found in the table below. Information on the

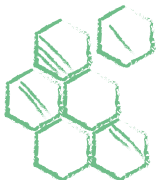
classification of the risk is not to be understood as the financial expense, but rather reflects the intensity or change in intensity of the individual risks, as specified in the software solution used. The analysis was also used in an adapted form as part of the Taxonomy Directive.

2) The software solution processes verified scientific data, which is also used in the assessment reports of the Intergovernmental Panel on Climate Change. These are combined with hazard maps designed by the provider's experts.

3) IPCC, 2023: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, 184 pp., doi: 10.59327/IPCC/AR6-9789291691647

Type	Form	Potential impacts	Mitigation measures	Current	Until 2050		
Acute	Flooding	Disruption to work routes, loss of production, supply chain	Design new buildings to withstand 100-year floods, improve flood protection	very high	very high	very high	very high
	Strong precipitation (rain, hail, snow)	Disruption of work routes, loss of production; supply chain	Creation of retention basins, seepage areas, reduce the degree of sealing	very high	very high	very high	extreme
	Earthquake und landslide	Loss of production, energy supply	Static specifications for buildings	very high	Scenario-independent		
	Storms and thunderstorms (lightning)	Power cuts due to interrupted cables or lightning	Emergency generator to back up IT servers	high	high	high	high
Chronical	Drought and heatwaves	Water supply	Alternative supply of drinking water, cooling of systems in circulatory manner	high	very high	extreme	extreme
	Heat stress	Productivity	Air conditioning of workplaces, taking selective cooling measures, increasing breaks	high	very high	very high	extreme

BIODIVERSITY, KAPFENBERG AND BAD SCHUSSENRIED



In the summer of 2023, PARS in Kapfenberg carried out a remarkable initiative to improve biodiversity. This measure extended across the area of the Kapfenberg High-Tech Park and Industriestrasse, both of which have spacious green areas. The creation of these green spaces served to provide bees with an optimal habitat and to improve their living conditions.

As part of this ecofriendly campaign, a total of 20 beehives were set up at the locations. These homes are intended not only to provide a safe place for bees, but also to help promote biodiversity and highlight the importance of pollination to the environment.

The continued project in Bad Schussenried to promote biodiversity, including a flower meadow and insect hotels that have already been created, underlines the commitment to environmental sustainability.



KEY FIGURES

	2023	2022	2021
Production of renewable electric energy [kWh] GRI 302	567,797	396,863	289,356
Share of renewable own production of total demand in% GRI 302	0.92	0.66	0.53

In 2023, PARS recorded an increase in renewable electricity generation. With a total production of 567,797 kWh, it significantly exceeded the previous year's figure of 396,863 kWh. This resulted mainly from the expansion of photovoltaic systems. In terms of the Group's total electricity consumption, this corresponds to a share of 0.92%.

GOALS

Pankl Group carries out analyses from the implemented risk management tool to gain precise insights into possible threats across the locations. Particular attention is paid to Scope 3, which enables a detailed assessment of the risks and impacts on the supply chain. The detailed examination of this metric is crucial for a comprehensive understanding of potential external influences and process risks.

The key figure that measures the proportion of renewable energies in one's own energy mix is also highly relevant. Pankl Group aims to significantly increase the proportion of renewable energies in the overall energy mix. These efforts are part of the overarching goal of achieving climate neutrality in Europe in Scope 1 and 2 by 2030.

The continuous monitoring and analysis of these metrics as part of the Group's risk management and sustainability strategy demonstrate its commitment to implementing transparent and responsible business practices.



CLIMATE CHANGE MITIGATION

IMPACTS

When it comes to the actual impacts, Pankl Group relies on transparency and responsibility. By regularly preparing detailed greenhouse gas emissions, energy consumption and use of fossil fuels figures, the Company obtains a precise overview of its direct environmental impact. Particular attention is paid to green electricity, resource consumption, transport routes and effective waste management based on recycling.

Potential impacts are proactively addressed by Pankl Group to shape a sustainable future. The increased integration of renewable energies, exemplified by the commissioning of photovoltaic systems in Pankl Ae-

rospace Europe and Pankl Engine Systems in 2023, shows PARS' commitment to a low-carbon energy supply. The implementation of circular economy principles is another focus of Pankl Group. Innovative resource management, such as the reuse of aluminum and steel scrap in the foundries in Tuttlingen and Neuhausen, not only shows efficiency, but also a reduction in SHW's ecological footprint.

Through this comprehensive approach, Pankl Group not only shows sensitivity to the current challenges of climate change, but also the willingness to actively work on sustainable solutions.

RISKS AND OPPORTUNITIES

With increasing legal requirements in climate change mitigation, Pankl Group recognises the need to prepare for changing regulations. Compliance with and adaptation to the new standards is considered essential to counteract possible regulatory risks. Operating costs because of climate change mitigation measures are another important aspect.

The involvement of stakeholders in the climate change mitigation process is viewed as an opportunity. The growing importance of sustainable corporate practices for customers, business partners and employees is recognised. Open communication and active involvement of stakeholders not only create trust, but also long-term relationships.

CLIMATE CHANGE MITIGATION STRATEGY

Pankl Group takes proactive measures in climate change mitigation. As a central element of the strategy, the group prepares a detailed greenhouse gas emissions balance for Scope 1, 2 and 3 every year to obtain precise information about the emissions caused. This transparent approach enables the two corporate groups PARS and SHW to plan and implement targeted steps to reduce their ecological footprint.

A key focus is on the gradual transition from fossil fuels to renewable energy sources.

Despite the progress, there are areas where Pankl Group still relies on fossil fuels, particularly for processes in plants that rely on natural gas or coking coal. The Company is working intensively on alternative solutions such as the use of biogas to minimise the ecological impact in these areas too.

SHW is an outstanding example of sustainable resource consumption. At the Neuhausen and Tuttlingen locations, gray cast iron and aluminum scrap are already being reused directly in the Company's own foundry. This efficient use of resources contributes significantly to reducing the ecological footprint. Pankl Group's research and development departments are also particularly committed to ensuring low resource consumption for the required materials.

Pankl Group consistently relies on the circular economy by separating waste according to type. The scrap metal separated in this way is sold on to external companies or melted down and returned to the production cycle.

RELATED SDGs

12.2 To achieve sustainable management and efficient use of natural resources by 2030

TAKING MEASURES AND FURTHER EXPLANATIONS

Regarding CO₂ compensation, Pankl Group is evaluating various approaches to neutralise its remaining emissions. This underlines the Company's commitment not only to assume responsibility, but also to actively contribute to global climate change mitigation.



PANKL RACING SYSTEMS AG

In 2023, a large portion of the CO₂ emissions (Scope 1) caused by our own vehicle fleet were offset by purchasing climate change mitigation certificates. The compensation measures bind 350 tons of CO₂ and were carried out through the acquisition of various certificates, with particular attention being paid to quality. Three priority projects were identified: the Musi River project, the reuse and recycling of PET waste and the CarboCert humus project. These initiatives have been carefully selected to not only ensure effective compensation, but also to have a positive impact on the environment and sustainable development.

Musi River Project, Indonesia



Located in rural Sumatra, this hydroelectric project on the Musi River harnesses the natural flow to generate clean energy for the power grid. The project supports local jobs and new sources of income, as funded infrastructure improvements, and implemented a reforestation program.

Supporting SDGs:



Reusing and Recycling PET Waste, Romania



By using advanced PET recycling technology, this project recovers and reuses new products from daily waste. Carbon financing will accelerate Romania's transition to a circular economy, reduce plastic pollution, boost the local economy, and find innovative solutions to reduce greenhouse gas emissions.

Supporting SDGs:



CarboCert Humus, Germany



Today's agricultural land is often characterised by endless rows of identical plants. However, these monocultures negatively affect biodiversity and deprive the soil of nutrients. In the last 25 years alone, around a quarter of the Earth's surface has been degraded through unsustainable practices. This project reconstructs the soil's organic top layer, known as humus, making the land more fertile and productive while sequestering carbon from the atmosphere.

Supporting SDGs:



PANKL COOLING SYSTEMS, DALIAN

ISO 14001 is an internationally recognised standard for environmental management systems that covers topics such as environmental protection, air pollution control, waste reduction and energy efficiency. The certification was carried out by an internationally active organisation, which is also active in China, and involved a pre-audit including an extensive status-quo analysis to derive improvement measures to achieve the highest standards.

The successful certification according to ISO 14001 enables Pankl Cooling Systems to actively demonstrate its commitment to sustainability to customers. This represents another important step in being able to successfully acquire projects in the automotive sector in the future.

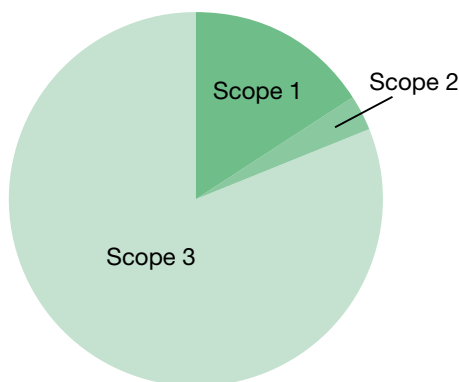
The introduction of the calculation of a part-specific CO₂ equivalent (PCF) integrated into the ERP system underlines the effort to quantify the ecological footprint to be able to take targeted reduction measures.

SHW AUTOMOTIVE PUMPS, HAIMEN

The Haimen facility has taken several strategic initiatives to reduce environmental impact and make operational processes more sustainable. This includes the installation of volatile organic compounds (VOC) and particle filter systems for casting and painting lines, which contributes to effective emissions control.

KEY FIGURES

CORPORATE CARBON FOOTPRINT GRI 305



tCO ₂	2023	2022
Scope 1	34,251	40,714
Scope 2	6,325	27,106
Scope 3	173,258	190,245

in %	2023	2022
Scope 1	16.0	15.8
Scope 2	3.0	10.5
Scope 3	81.0	73.7

Pankl Group can announce positive developments in terms of reducing CO₂ emissions for 2023. A significant reduction was achieved in the Scope 1 area, which can be attributed to the successful switch to climate-neutral gas at SHW. This strategic decision has enabled Pankl Group to significantly minimise its direct emissions while pursuing an environmentally friendly approach to energy supply.

Progress was also made in Scope 2. The reduction in CO₂ emissions was achieved through the consistent purchase of green electricity. The conscious purchase of sustainably generated electricity underlines Pankl Group's commitment to directing its energy sources towards environmental compatibility and thus making a positive contribution to climate protection.

Despite an adjustment in the Scope 3 data collection, CO₂ emissions were reduced by 9%, which corresponds to a decrease from 190,245 tonnes in the previous year to 173,258 tonnes in the current fiscal year. This positive development was made possible largely by improved co-operation with our suppliers. The precise recording of CO₂ emissions data along the supply chain has partly enabled us to make precise calculations and develop targeted optimisation strategies. These efforts will be continued in the coming years to obtain a supplier-specific database.

A comprehensive breakdown of the key figures for PARS and SHW can be found in the appendix.

SALES-RELATED CO₂ EMISSIONS GRI 302

As an intensity indicator, CO₂ emissions relative to sales (amount of CO₂ per EUR of sales) are an important indicator of a company's ecological efficiency. The figures in the following table show how much carbon dioxide was emitted per sales generated by the Pankl Group in 2023.

Total emissions: Grammes of CO ₂ per EUR	2023	2022
Pankl AG	22.84	30.83
Pankl Racing Systems AG	22.66	32.77
SHW AG	22.71	29.00

Scope 1 and 2 emissions: Grammes of CO ₂ per EUR	2023	2022
Pankl AG	4,33	8,10
Pankl Racing Systems AG	2,30	2,72
SHW AG	5,85	12,22

Considering all sources of emissions (Scope 1,2,3), Pankl Group generated 22.84 grammes of CO₂ per 1 EUR of sales (PARS: 22.66 grammes per EUR, SHW: 22.71 grammes per EUR).

Considering Scope 1 and 2 emissions, Pankl Group generated 4.33 grammes per 1 EUR of sales (PARS: 2.30 grammes per EUR, SHW: 5.85 grammes per EUR).

CO₂ emissions per sales have improved significantly compared to the previous year, with the average value in Pankl Group decreasing by 36%. Total emissions recorded a decline of 26% over the same period. An average reduction of 23% was achieved in PARS,

with total emissions falling by 31%. This development is partly due to the successful implementation of heat pump concepts, energy efficiency measures, the expansion of photovoltaic systems, the implementation of heat recovery projects, and also the purchase of recycled raw materials. Higher selling prices for Pankl products on the market also contributed to the reduction of this indicator.

On average, SHW achieved an impressive reduction of 37% in CO₂ emissions relative to sales. Particularly noteworthy is the 52% reduction in direct emissions, which was made possible by switching to green electricity and climate-neutral natural gas at the locations in Germany.

GOALS

Pankl Group has set clear time frames for reducing Scope 1 and 2 emissions. The goal is to achieve climate neutrality in Scope 1 and 2 in Austria by 2025, while this goal is aimed for by 2030 for plants within the European Union. At a global level, Pankl Group aims to achieve net zero emissions in Scope 1 and 2 by 2040. As part of these efforts, Pankl Group plans to develop a specific Scope 3 target in 2024. This target will be set in accordance with the 1.5°C target path to contribute to reducing global CO₂ emissions.

The clear timelines and alignment with international climate goals underline the organisation's strategic focus on a sustainable low-carbon future. The organisation is taking an important step towards actively contributing to global climate change mitigation and helping to limit global warming to 1.5°C.

RESEARCH AND DEVELOPMENT GRI 305

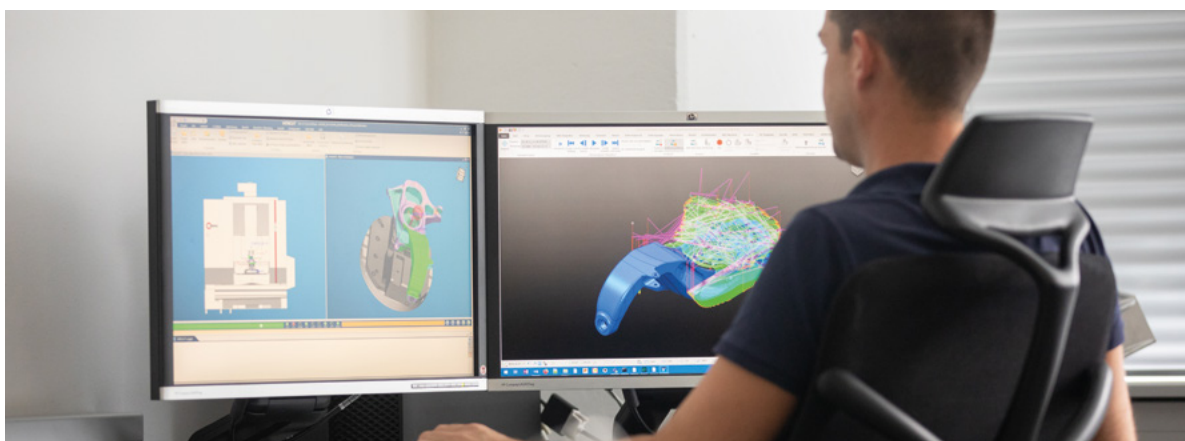
PARS' research and development strategy places a key focus on maximising resource efficiency while promoting lightweight construction. This orientation not only makes economic sense but is also an essential part of corporate responsibility regarding environmental protection and sustainability. A key element of this strategy is to specifically train designers to use materials wisely. Here, attention is paid to optimal dismantlability of the developed system components and separability of the materials used. This creates a good basis for recycling and disposal.

Topology optimisation is used as an innovative tool to support the economical use of materials. Specific training prepares designers for this technology, with the focus on reducing material consumption for steel, aluminium, and titanium. Integrating lightweight construction concepts into the development process helps minimise the amounts of materials required without compromising the structural integrity and performance of components. This technology saves materials and minimises metallic residues, particularly when additive manufacturing methods are used.

At SHW, component weight reduction is already considered during the structural design of individual com-

ponents and entire assemblies. On the one hand, this should reduce the use of materials and thus the need for resources to an optimum. On the other hand, this also leads to CO₂ savings over the entire service life of the vehicle as a complete system. A compromise is always made between lightweight construction and use of materials, but this does not have a negative impact on component quality and product safety. Further potential lies in the selection of suitable materials for the respective purposes and requirements. In co-ordination with customers and suppliers, possible materials are preselected and tested in extensive validations to make the best possible choice.

Current development projects focus on systems used in battery-electric vehicles and thus make a significant contribution to electrification and the mobility transition. In addition to the further development of existing products and adapting them for use in electric drive systems, new developments for new areas of application for cooling and lubrication in current and future vehicle generations are also on the roadmap. In this way, the product portfolio is further adapted to the needs of customers.



KEY FIGURES

Research and development	2023	2022	2021
Total number of employees in research and development	456	-	-
Number of research and development employees in % of total employees	10.43	8.08	6.58
Capital expenditure	24.357	-	-
R&D expenses in % of revenues	10.45	5.00	11.00

ENERGY GRI 302

MAJOR IMPACTS

Pankl Group experiences significant impacts in connection with energy issues in its manufacturing operations. Pankl Group's operating costs for energy are 2.95% of revenues. This indicates that Pankl Group is not classified as energy intensive.

In 2023, PARS continued to invest in increasing photovoltaic output and began to implement sustainable heat supply using heat pumps. SHW has changed the energy supply at its German locations and is purchasing green electricity and climate-neutral natural gas.

Pankl Group's energy consumption has a direct impact on production performance. Disturbances or

fluctuations in the energy supply can cause operational disruptions and affect the overall efficiency of production. Therefore, a reliable energy infrastructure remains crucial to ensure smooth production processes. The environmental impact is further influenced by the selection of energy sources and the implementation of sustainable working practices. Minimising environmental impacts is becoming increasingly important. A strategic focus on ecologically compatible energy solutions is therefore highly relevant for Pankl Group.

PANKL GROUP OBTAINS 87% OF ITS ELECTRICITY REQUIREMENTS FROM RENEWABLE SOURCES

RISKS AND OPPORTUNITIES

The continuous supply of electricity and natural gas for all Pankl Group production processes is essential. The development of comprehensive emergency plans in view of the risk of power outages and blackouts is of great importance in production companies. Interruptions could negatively impact operational performance and production processes. Dependence on external energy suppliers entails risks such as supply bottlenecks and unforeseeable contract changes or cost increases. Energy efficiency and cost management play a key role in remaining competitive.

The risk of an energy shortage requires proactive measures such as diversification of energy sources, integration of efficiency technologies and emergency planning, which are considered in Pankl Group as a whole. Pankl Group recognises the importance of sustainable energy practices and has

already made extensive investments in the energy sector. By installing photovoltaic systems and using modern heat pump technologies, the Company demonstrates its commitment to ensuring an efficient and resource-saving energy supply. The investments made in photovoltaic systems not only contribute to self-sufficiency, but also enable the use of renewable energy sources for production operations.

The implementation of heat pump technologies underlines Pankl Group's commitment to energy-efficient solutions. These technologies not only help optimise energy consumption but can also result in significant cost savings. The use of heat pumps to heat production facilities offers a sustainable alternative to conventional heating systems. Another measure is the increased use of systems for heat recovery from our own production processes.

Pankl Group faces the promising prospect of not only reducing operating costs through these sustainable energy investments, but also strengthening its competitive position. The use of renewable energies and efficient technologies is not only reflected in a positive environmental contribution but can also further strengthen the reputation of Pankl Group as a responsible and future-oriented market player.



STRATEGIES FOR ENERGY-RELATED IMPROVEMENTS

As part of its ongoing efforts towards sustainable development and environmental responsibility, Pankl Group is pursuing a strategy to improve energy-related matters. The key points of this strategy include increasing the use of renewable energy sources and increasing operational energy efficiency. For this purpose, Pankl Group uses photovoltaic systems, heat pump concepts, green electricity, and climate-neutral natural gas. These measures not only serve to reduce the ecological footprint, but also contribute to a more sustainable and environmentally friendly energy supply.

To increase operational energy efficiency, Pankl Group is implementing more efficient solutions at the

various locations. Energy managers at the individual locations play a crucial role. Through their expertise and continuous monitoring of energy consumption, measures are taken to optimise energy consumption and reduce costs. Communication and co-ordination within the Company are intensified through regular quarterly meetings. These meetings serve to co-ordinate objectives in the energy area as well as other topics related to the environment, social issues, and corporate management.

Management board members, operations managers, energy managers and sustainability managers are responsible for creating the measures and achieving the goals in this ESG area of action.

RELATED SDGs

- 7.2 To significantly increase the share of renewable energies in the global energy mix by 2030
- 12.2 To achieve sustainable management and efficient use of natural resources by 2030
- 12.6 To encourage companies, especially large and international companies, to adopt sustainable practices and include sustainability information in their reporting.

TAKING MEASURES AND FURTHER EXPLANATIONS

Pankl Group continues its efforts towards sustainable energy efficiency and use and aims at measures to be taken to optimise energy consumption and reduce the ecological footprint within the Company. To consider the specific needs and requirements, this chapter will now be separated for PARS and SHW. The measures taken include an analysis of energy consumption patterns, identification of efficiency improvements, implementation of energy saving technologies.

Pankl Group is convinced that these measures will not only help minimise the ecological footprint, but also enable long-term cost savings and operational efficiency gains. The goal is to achieve a positive impact on the environment while at the same time ensuring long-term business success.

PANKL RACING SYSTEMS AG, KAPFENBERG

Power Purchase Agreement (PPA)

Part of the energy requirement is secured via a so-called Power Purchase Agreement (PPA). A photovoltaic system with a performance potential of around 2.5 MWp feeds electricity into the general grid regionally in the municipality of Bruck an der Mur. This strategic move marks the Company's further progress towards diversifying renewable energy sources.

The PPA has a term of ten years, and the plant will supply energy from 2024. The aim of the agreement is to use 100% of all electricity generated for own consumption at the Pankl locations in Bruck an der Mur and Kapfenberg.

PANKL ENGINE SYSTEMS, BRUCK AN DER MUR

Heat recovery optimisation to reduce the natural gas consumption (heating boiler Hall A)

In 2023, a project to utilise waste heat from the existing air compressors was implemented. Due to their indispensable role in the production process, usable waste heat is continuously available. Using a heat exchanger, the energy obtained is fed to the buffer storage, which then transfers it to the heating circuit or hot water preparation as required. The well-thought-out integration into the building management system also enables the existing condensing boiler to continue to be used. This means that different operating modes can be implemented to make optimal use of the waste heat potential. By layering in the buffer storage, water temperatures of up to 80 degrees Celsius can be achieved.

Fortunately, the successful implementation of this waste heat utilisation, which has been in operation since September 2023, meant that there was no additional need for heating energy in the period from commissioning to the end of the year.



Own electricity production expansion

At the Bruck an der Mur facility, Pankl Engine Systems recently took a significant initiative to increase energy efficiency. The roof of the Franz Hall was equipped with a state-of-the-art photovoltaic system with an output of almost 100 kWp. The forecast annual electricity generation is over 100,000 kWh.

After receiving all approvals, the plant went into operation at the end of 2023. All electricity generated is used in the Company's production processes. This represents a significant step towards self-sufficiency. The investment costs for this environmentally friendly project amounted to EUR 113k. This significant investment underlines the Company's commitment to sustainable practices and the expansion of renewable energy sources at the Bruck an der Mur location.

Optimisation and updating of building management system

As part of the optimisation and updating of the building management system, a comprehensive component check was carried out. Not only was the visualisation brought up to date, but the measurement, control and regulation components were also tested and optimised for function and settings. Special attention was paid to the implementation of a new heating control system for heat recovery, which was successfully implemented. This innovation was fully implemented in 2023Q4 and helps raise the efficiency of the building management system to a modern level.

PANKL AEROSPACE EUROPE, KAPFENBERG

The Aerospace Building, which went into operation in March 2023, sets an innovative standard by being designed without the use of fossil energy sources. All building conditioning is provided by highly efficient heat pump systems. The building heating is additionally supported using waste heat from the air compressors. The aerospace building was also equipped with a photovoltaic system. Currently, the photovoltaic output at this location is just over 330 kWp, which produces over 350,000 kWh per year.

PANKL AEROSPACE SYSTEMS, CERRITOS

By successfully commissioning a state-of-the-art deep-hole drilling machine at the Cerritos site, Pankl Aerospace Systems was able to achieve a significant improvement in terms of energy efficiency and drilling oil consumption. The implementation of this modern technology resulted in an impressive reduction of around 50% in terms of energy input as well as drilling oil consumption.

CP-CARRILLO, IRVINE

CP-Carrillo remains on the waiting list with Southern California Edison, its electricity supplier, to convert its energy source to 100% renewable energy.

To support the use of electric vehicles and improve employee satisfaction, CP-Carrillo has installed electric vehicle charging stations in all three buildings. This measure was taken on the one hand to prepare for a potential

electrification of the vehicle fleet and on the other hand to offer employees a charging option. Due to the long commutes of some employees, it is possible to charge their hybrid or electric vehicles free of charge for a maximum of 4 hours during off-peak hours. The charging stations provided come from Chargepoint. The installation of the charging stations was completed in March 2023.

KRENHOF, KÖFLACH

In collaboration with an external partner, the energy monitoring and potential analysis project for electricity and gas is being pushed forward to further increase energy efficiency.

SHW POWDER SYSTEMS, AALEN

Various measures to reduce CO₂, such as the application of energy-efficient systems and the use of electricity from hydropower, contribute to sustainable operations. Despite an increased number of machines and higher operating performance, the total energy consumption was kept constant. Natural gas consumption was even reduced by 14%.

To further reduce energy costs, energy-efficient systems were purchased, high electricity consumers were identified, shift adjustments were made, and extract air heat was used to supply compressors. The use of 100% hydroelectricity and climate-neutral natural gas underlines the commitment to environmentally friendly energy sources.

SHW AUTOMOTIVE, BAD SCHUSSENRIED

With the support of the energy team, various measures to reduce energy consumption were implemented, including adjusting the window blinds control to reduce the use of air conditioning. The ventilation settings on the ventilation systems in production were also optimised. This leads to a reduction in electricity and more efficient heat recovery, which in turn saves natural gas.

SHW BRAKE SYSTEMS, HAIMEN

Installing a VFD air compressor with heat recovery aims to increase the energy efficiency of the building while optimising energy consumption.

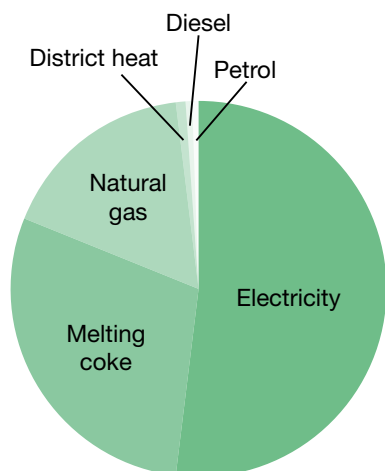
KEY FIGURES

TOTAL ENERGY CONSUMPTION [GWh] GRI 302-1, GRI 302-2



In 2023, the Company's total energy consumption was 269.28 GWh. This consumption includes the Pankl Group's major energy sources, including electricity, melting coke, natural gas, district heat, diesel, and petrol.

A comprehensive breakdown of the key figures for PARS and SHW can be found in the appendix.



ENERGY MIX OVERVIEW GRI 302

in %	2023	2022
Electricity	52.1	51.2
Melting coke	29.2	29.6
Natural gas	16.9	17.5
District heat	0.8	0.6
Diesel	0.7	0.6
Petrol	0.3	0.4

In 2023, the Company adopted a diversified approach, with electricity consumption accounting for 52.1% of the total energy mix. The use of melted coke remained relatively stable, with this energy source accounting for 29.2% of the energy mix.

Natural gas played a significant role and its share in the total energy mix was 16.9% in 2023, which was reduced compared to previous years (2022: 17.5%).

In addition, Pankl Group integrated district heat, die-

sel, and petrol into its energy mix, with these shares amounting to 0.8%, 0.7% and 0.3% in 2023, respectively. These values are part of a comprehensive approach to diversification and promoting energy efficiency. Pankl Group strives to continuously optimise its energy mix, taking both ecological and economic factors into account.

A comprehensive breakdown of the key figures for PARS and SHW can be found in the appendix.

REDUCTION OF GAS CONSUMPTION GRI 302-4

	2023	2022
Reduction of gas consumption in GWh	1.2	3.5

The challenge of maintaining a linear trend is made more difficult by the variety of measures taken within the Company. Different operational aspects may require different approaches to optimising energy consumption. The fluctuations in savings reflect the adaptability of the Company, which actively seeks to manage energy consumption through a variety of measures.

GOALS

Pankl Group is striving for the ambitious goal of converting all locations in Styria to neutrality in terms of their natural gas supply. In the short term, this measure will be implemented by supporting climate change mitigation projects (carbon offsetting). In the medium term, the plan is to replace large gas consumers through investments.

Another central aspect of the Company's strategy is to switch to green electricity tariffs globally. This shift to sustainable power sources will not only help minimise environmental impact, but also positively impact the Company's overall energy balance.

To further optimise its environmental focus, Pankl Group intends to significantly reduce energy intensity per component produced. This will be achieved through the implementation of energy efficiency technologies and processes as well as continuous monitoring and optimisation.

These strategic steps underline Pankl Group's commitment to sustainability and environmental protection, while at the same time ensuring economic stability and efficiency. The focus on long-term supply contracts, the use of renewable energy sources and the reduction of energy intensity per component reflect the Company's commitment to ecofriendly business practices and sustainable development.

ENVIRONMENTAL ASPECTS

USE OF RESOURCES AND CIRCULAR ECONOMY

INFLOW OF RESOURCES

MAJOR IMPACTS

In the dynamic environment of the automotive and aerospace industries, Pankl Group views the inflow of resources as a decisive factor for sustainable success. Steel, titanium, and aluminium serve as the main raw materials and not only form the basis for high-quality products, but also have a significant influence on competitiveness.

The actual inflow of resources plays a central role in daily business operations. Through strategic supplier

partnerships, Pankl Group ensures continuous supply to avoid bottlenecks and ensure product quality. Efficient resource management enables precise production planning and minimises the risk of failures.

Potential impacts on resource inflows result from external factors such as market volatility, geopolitical events, regulatory actions, and commodity price fluctuations. These can affect the cost of steel, titanium, and aluminium.

RISKS AND OPPORTUNITIES

The procurement management of steel, titanium and aluminium represents both risks and opportunities for Pankl Group. The price fluctuations of these raw materials on global markets can influence production costs and adversely affect the Company's profit margins. Disruptions in supply chains caused by natural disasters or political instability increase the risk of delivery delays. The dependence on a few key suppliers for specialised alloys increases this risk.

Innovations in materials technology, particularly in 3D printing of metal powder products, offer opportunities.

Research and development enable more efficient use of raw materials, reduced costs, and increased competitiveness. The increasing demand for ecofriendly technologies opens the opportunity to position oneself as a pioneer in sustainable materials.

Diversifying the supplier base and building strategic partnerships can reduce the risk of supply disruptions. Flexible adaptation to technological changes and proactive monitoring of global markets are crucial.

RESOURCES INFLOW STRATEGIES

For years, SHW has been implementing a sustainable approach to dealing with metal chips that strategically optimises the inflow of resources. Gray cast metal scrap is purchased. The gray cast iron chips go through a specialised recycling process in a briquetting system, where they are pressed into compact briquettes. These briquettes are then melted down in the foundry, creating a closed cycle for the gray cast iron material.

In the case of aluminium chips, suction is used to collect the chips efficiently. These are collected in special

containers and then melted down in the aluminium foundry. Here too, a closed circuit is created that enables the aluminium chips to be used in a resource-saving manner.

This thoughtful strategy not only minimises waste and optimises resource inflow, but also emphasises sustainable sourcing of metal materials. The conscious integration of metal scrap and the targeted extraction of aluminium chips help to reduce the environmental impact and promote a sustainable production cycle.

RELATED SDGs

- 9.b To support domestic technology development and research and innovation in developing countries for industrial diversification and extractive value creation and to secure a beneficiary policy environment
- 12.2 To achieve sustainable management and efficient use of natural resources by 2030
- 12.7 To promote sustainable practices in procurement, in line with national policies and priorities

TAKING MEASURES AND FURTHER EXPLANATIONS

KRENHOF, KAPFENBERG

At Krenhof Kapfenberg, we are increasingly using resource-saving materials in the aluminium sector, which makes a significant contribution to reducing CO₂ emissions. In particular, the share of materials from one supplier has increased significantly over the last two years due to the ramp-up for a large customer. One supplier uses an impressive 90% recycled materials and relies on 95% green electricity in production. This strategic orientation underlines the desire not only to produce high-quality products, but also to make a sustainable contribution to environmental protection.

Material	2023
Total	44,890
Aluminium	2,553
Bentonite	7,629
Bronze	1
Chromite	68
Graphite	438
Wood	340
Plastic	756
Copper	97
Varnish solvent	90
Manganese	211
Mineral oil	66
Molybdenum	84
Nickel	39
Paper	308
Hydrochloric acid	15
Sand	15,039
Oxygen	6,073
Lubricant	545
Silicon	513
Silicon carbide	3,116
Steel	6,644
Titanium	266

KEY FIGURES

PRIMARY CONSUMPTION OF RAW MATERIALS IN 2023 [t] GRI 301-1

The main primary metal inputs include steel (6,644 tonnes), aluminium (2,553 tonnes), titanium (266 tonnes), copper (97 tonnes) and nickel (39 tonnes). These key metals are central to production. A description of the secondary materials can be found in the next chapter.

A comprehensive breakdown of the key figures for PARS and SHW can be found in the appendix.

GOALS

Pankl Group has set itself the goal of increasing the recycling rate for the purchased metals for the 2024 and 2025 fiscal years. The focus areas of this initiative are the implementation of precise data collection to determine the current recycling rate as well as the implementation of targeted measures to increase this rate.

OUTFLOW OF RESOURCES: WASTE

MAJOR IMPACTS

The actual outflow of resources is clearly reflected in the operational processes of Pankl Group. The disposal of waste, whether in the form of production waste, packaging materials or other by-products, requires an efficient and sustainable management strategy. The uncontrolled outflow of resources can lead to significant financial burdens, be it through disposal costs or possible fines due to environmental regulations.

Potential impacts of resource outflow can occur at different levels. Environmental impacts, such as contamination of landfills or the release of harmful substances, are serious concerns. In addition, reputational losses due to irresponsible waste management can affect the trust of customers and stakeholders. In the long term, stricter environmental regulations could lead to additional compliance challenges and legal consequences.

RISKS AND OPPORTUNITIES

The uncontrolled outflow of resources, especially in the form of waste, poses significant risks for every company. Environmental impacts such as soil and water pollution as well as possible reputational losses due to negligent waste handling are the focus of these challenges.

A key consideration is the risk of increased environmental regulations, which can lead to additional compliance challenges and financial burdens. These regulatory risks emphasise the need for a proactive strategy to minimise resource outflow. Financial burdens could arise from disposal costs and fines for non-

compliance with environmental regulations. This could affect the Company's competitiveness.

In contrast, there are numerous opportunities available through efficient handling of the outflow of resources in the form of waste. Implementing waste reduction strategies not only enables improved environmental sustainability, but also significant cost savings. A sustainable image, strengthened through responsible resource management, can strengthen the trust of customers and stakeholders, and promote long-term customer relationships.

RESOURCES OUTFLOW STRATEGIES

The strategy includes comprehensive waste reduction through the implementation of efficient waste management practices in various areas of the Company. This includes optimising production processes and in-

roducing recycling programs. By promoting a closed circular economy, waste is not only minimised but also reused sensibly. This is currently not possible in all production locations but is partially carried out in SHW.

RELATED SDGs

12.4 By 2020, to achieve environmentally sound management of chemicals and all waste throughout their life cycle in accordance with agreed international frameworks and significantly reduce their release into air, water, and soil to minimise their adverse effects on human health and the environment

12.5 By 2030, to significantly reduce waste generation through prevention, reduction, recycling, and reuse

TAKING MEASURES AND FURTHER EXPLANATIONS

Pankl Group has already positioned itself as a pioneer in resource conservation. The internal research and development departments work with great commitment to reduce the consumption of raw materials to a minimum and to achieve the maximum potential from the products manufactured. The goal

is to meet the customer's requirements in the best possible way. The targeted investments in the R&D department underline the high priority the Company attaches to the development of sustainable practices and reflect the desire to fully meet customer demands in this area.

PANKL HIGH PERFORMANCE SYSTEMS, KAPFENBERG

The newly built on-site service and maintenance area represents significant progress in optimising operational processes. In 2023, the expansion of a new external warehouse including waste disposal provided the opportunity to expand storage capacity, improve customer service and increase supply chain efficiency. For this purpose, an additional plot of 500 square metres was rented and the extension was built on it. This measure represents a decisive step towards increasing competitiveness and meeting the growing need for storage space.

The new service and maintenance area includes an additional 30 square metres of outdoor shelf space as well as an expanded area of 166 square metres for professional recycling and safe disposal of residual materials. In addition, the area offers a covered lounge area for employees, which allows them to relax and chat during work breaks.

PANKL ADDITIVE MANUFACTURING TECHNOLOGIES, KAPFENBERG

By May 2023, powder waste management in additive manufacturing has been revised. The support structures have so far been disposed of as mixed scrap without generating any revenue.

To strengthen the circular economy approach and at the same time exploit the potential of additive manufacturing, a comprehensive material portfolio was developed. This portfolio aimed to collect materials, especially metal powders, that harmonise with each other in appropriate fractions. The identification and analysis of samples served as the basis for the formation of five fractions. Separate disposal was then introduced using a circulation system, with special 30 litre boxes provided with colour codes for the different material groups.

As part of the circulation system, disposal takes place twice a week. A financial incentive structure supported this initiative and, on the one hand, promoted correct disposal and, on the other hand, also contributed to promoting the circular economy.

PANKL DRIVETRAIN SYSTEMS, KAPFENBERG

After thorough preparation, the “Digital Route Card” project was launched at the end of May 2023. The paper route card previously used in the manufacturing process was successfully replaced by an electronic version. This change not only resulted in significant savings in printing costs, but also marks a significant step towards sustainable production. In addition, internal processes were significantly optimised.

The transfer of data in real time is now carried out by the ERP system. This was previously only the case at large series production plants. Electronic recording eliminates complex exchange processes for production documents when changes are made. Furthermore, the documentation and archiving of mandatory documents has been standardised and largely automated. The central element of this system is the digital route card dashboard, which acts as a central interface for production-relevant information and third-party software. A group-wide implementation is planned. Pankl Engine Systems and Pankl Aerospace Europe have already started developing a spin-off project tailored to their profit centre to follow Pankl Drivetrain Systems towards paperless production.

KRENHOF, KÖFLACH



At Krenhof Köflach, targeted measures were introduced to optimise processes and increase environmental performance, with a focus on sustainability and efficiency. One of the improvements initiated is to replace one-way aerosol dispensers for brake cleaners with a refill system. This step aims to minimise the consumption of single-use packaging and thus contribute to reducing waste.

Another project is the introduction of a leftover database for tool steel to minimise waste. By using slimline films, the amount of packaging was also successfully reduced.

By regularly checking the quenching effect of the hardness polymer, the aim is to reduce disposal quantities and the associated costs.

The service life optimisation of the forging dies helps to minimise the use of resources.

Another focus is on reject prevention through in-process laser scanning technologies, which enable precise quality control and thus contribute to reducing material waste.

SHW POWDER SYSTEMS, AALEN

At the Aalen facility, significant progress has been made in terms of environmental protection and sustainability, particularly in waste reduction.

The plants record daily quantities of hazardous waste to be able to react more quickly to unforeseeable events. The analysis of the data recording leads to the derivation of measures such as preventive maintenance, shortening maintenance intervals and targeted sealing of systems to prevent leaks. When it comes to non-hazardous waste, the focus is on reducing waste through various projects between the management team and employees. The redesign of the environmental aspect and the derivation of the resulting measures are of central importance. Measures to reduce hazardous waste include the introduction of green machining, expansion of dry machining and the procurement of more bench grinders with "water-immiscible cooling lubricant". The switch from disposable to reusable packaging and the creation of an environmental cockpit for the transparent recording of relevant key figures are also being pushed forward.

The use of reusable packaging, such as Euro pallets and steel pallets instead of disposable wooden pallets, as well as the replacement of cardboard boxes with plastic boxes show the Aalen location's contribution to the circular economy and resource conservation.

Despite an increased number of machines and increased operating performance, the waste generated was reduced by a remarkable 30% compared to the previous year due to the long running times of the plants. To protect against flooding along the Kocher River, the entire Company premises were secured with a flood protection wall to minimise possible environmental impacts.

SHW AUTOMOTIVE PUMPS, KUNSHAN

In the area of innovation, the Kunshan factory has implemented an effective measure to reduce plastic waste. Changing the sealing method for VCI bags in the P961 project from adhesive tape to heat sealing successfully eliminated plastic waste. This initiative reflects the desire to introduce innovative solutions that are both environmentally and economically beneficial.

SHW AUTOMOTIVE, BAD SCHUSSENRIED

A variety of measures to reduce waste have been initiated at the Bad Schussenried facility, which will continue as an ongoing process. Significant progress has been made in various areas, particularly non-hazardous waste such as plastic, paper, cardboard, and waste wood.

What should be emphasised is the reduction of hazardous waste, including oil-containing metal sludge and oil-contaminated operating fluids.

Switching to reusable cloths for cleaning helps save on disposable cloths and oily waste. The aim of purchasing a paper baler is to reduce internal trips and minimise disposal journeys. This project will be further expanded in the future. A systematic reduction in rejects led to a general reduction in waste.

The standardisation of cooling lubricants in production and prototype construction resulted in a reduction in hazardous substances, as different coolants were previously used.

The reduction of hazardous substances will continue. The ongoing optimisation of the consideration of environmental aspects enables a more precise derivation of measures to improve environmental performance.

WASTE [t] GRI 306

Waste categories GRI 306-3	2023*	2022	2021
Non-hazardous waste total	32,300	23,443	49,837
Hazardous waste total	3,815	28,913	5,298
Metal waste	173	15,063	20,914
Aluminium waste	4	572	775
Waste for disposal	23,181	25,317	1,619
Waste for recycling	8,943	7,808	28,148
Toxic waste	3,815	3,596	3,678

*Data collection was adjusted in 2023. A breakdown of the key figures between PARS and SHW can be found in the appendix. Metal scrap is categorized under metal recycling and was not included in the waste reports.

The figures presented in 2023 initially reflect an adjustment and expansion of data collection. It is important to note that secondary materials have been intentionally not included in this waste listing. Instead,

they were documented in the chapter on the circular economy, metal recycling. This was because metals are returned to the cycle through recycling and are therefore not categorised as conventional waste.

GOALS

The goal is to expand and reduce waste by implementing efficient waste management practices in various areas of the Company. This includes optimising production processes and expanding recycling programs.

CIRCULAR ECONOMY

MAJOR IMPACTS

The introduction of the circular economy results in a significant reduction in waste generation, as materials that were previously considered no longer usable are now viewed as valuable resources and returned to the closed cycle. This not only contributes to the Company's ecological responsibility, but also has a positive impact on the cost structure by minimising disposal costs.

The real impact also extends to the Company's supply chains, which are characterised by increased partnerships with suppliers that pursue similar sustainability goals. These closer collaborations support the seamless flow of recyclable materials throughout the value chain.

In terms of potential impact, the circular economy has the potential to differentiate Pankl Group in the

market and create a clear competitive advantage. Resource efficiency could be further increased and in turn lead to long-term cost savings. The positive environmental impact is another potential benefit, as the dependence on new raw materials is reduced and the environmental impact is minimised.

Long-term cost savings are also achievable for SHW, particularly through the ongoing development of more efficient recycling processes and the reliable procurement of secondary raw materials. The already established practice of internal reuse of metal scrap forms a solid basis for future success in the sustainable circular economy.

RISKS AND OPPORTUNITIES

Stringent quality control when reusing materials is crucial for Pankl Group, as errors or fluctuations in quality could not only affect the production processes, but also jeopardise customer trust.

The market dependence on recyclable materials could lead to uncertainty. Fluctuations in the availability and acceptance of these materials in the market could impact the business model. Diversifying sources of supply and actively following trends in the market are crucial to proactively address these risks.

On the opportunity side, consistent implementation of the circular economy offers significant advan-

tages. The clear competitive advantage through sustainable practices and the strengthening of brand reputation are tangible gains. Cost savings by reducing the need for new raw materials and the efficient use of recyclable materials contribute to financial stability.

The growing demand for ecofriendly products offers Pankl Group the opportunity to maintain a positive corporate image. These sustainable circular economy practices allow the Company to meet the needs of environmentally conscious customers.

STRATEGIES TO PROMOTE THE CIRCULAR ECONOMY

SHW is already successfully living the circular economy. By reusing aluminium and steel scrap in the foundry in Neuhausen and Tuttlingen and converting them into reusable materials, SHW has taken on a pioneering role in Germany. It should be noted that not all facilities of the Group are able to implement such circular economy principles as their products vary greatly and they do not all have access to a dedicated foundry.

At Pankl Group facilities which have no direct possibility to use their own metallic residues, these materials are sorted according to type and returned to the cycle via external service providers.

By introducing waste reduction strategies and promoting recycling programs at a corporate level, Pankl

Group not only minimises the ecological footprint, but also achieves significant cost savings through the reuse of materials.

Pankl Group also considers continuous innovation and the integration of new technologies into its circular processes as an opportunity to further strengthen its competitive position and open new markets. This strategic orientation not only enables success in the current market environment, but also lays the foundation for future business development.

Raising awareness and training employees plays a crucial role in this strategy. This also includes dialogue with stakeholders to promote understanding and support for sustainable practices.

RELATED SDGs

- 9.4 By 2030, to modernise infrastructure and retrofit industries to make them sustainable, with more efficient use of resources and increased use of clean and ecofriendly technologies and industrial processes, with all countries acting according to their respective possibilities
- 12.6 To encourage companies, especially large and international ones, to adopt sustainable practices and include sustainability information in their reporting

TAKING MEASURES AND FURTHER EXPLANATIONS

PANKL AERSOPACE SYSTEMS, CERRITOS

As a result of a long-term and joint conversion of the manufacturing process to state-of-the-art manufacturing methods carried out together between the Company and its customer, the so-called Lube Room has finally become obsolete and could completely be uninstalled. This room was previously used to prepare the main rotor shafts for the "hot upsetting" process and was equipped with large freshwater tanks. The successful conversion enabled the elimination of previous processes that relied on large quantities of gas and water. This measure not only uninstalled the Lube Room, but also took a significant step towards modern manufacturing processes. This development helps to increase efficiency, optimise resources, and minimise the ecological footprint. Through targeted optimisation measures, the Company was able to successfully reduce the consumption of industrial water to a level which is usual for the preparation of emulsions in the CNC area.

CP-CARRILLO, IRVINE

CP-Carrillo replaced more than 460 m² of lawn with drought-resistant landscaping at a location in California. Instead of conventional water sprinklers, drip irrigation is now used there. The associated water savings are relevant to the City of Irvine. The city's grant for grass removal was more than USD 27,000.

SHW DO BRASIL, SÃO PAULO

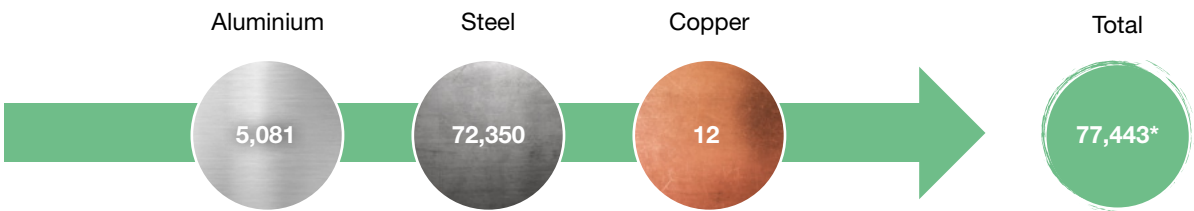
In terms of resource conservation, the factory in Brazil has implemented a sustainable solution for the disposal of oily condensation from the compressors. In the past, this water was disposed of quarterly in barrels by specialist companies. By investing in a special oil separator, remaining oil is now only disposed of once a year. This measure not only has environmental benefits, but also has an impressive return on investment (ROI) of less than two years. The plant in SÃO PAULO thus underlines its commitment to resource conservation and economic efficiency.

KEY FIGURES

WATER CONSUMPTION [m³] GRI 303-1

	2023	2022	2021
Total	94,520	150,137	138,707

USE OF RECYCLED MATERIALS [t] GRI 301-2



*Data collection was adjusted in 2023. A breakdown of the key figures between PARS and SHW can be found in the appendix.

The foundries of Pankl Group have been relying on the use of recycled metals for years. In addition to our own metallic waste, steel scrap is used as a secondary material when casting brake discs. In the aluminium foundry, recycled aluminium chips pressed into ingots are used as the starting material for casting the aluminium pots for the lightweight composite brake discs. In general, all metallic residues from production processes are collected, mostly sorted, and sold to recycling companies for processing and return to the cycle.

In 2023, 5,081 tonnes of recycled aluminium, 72,350 tonnes of recycled steel and 12 tonnes of recycled copper were used, which gives a total use of 77,443 tonnes of recycled materials. These numbers illustrate Pankl Group's ongoing efforts to promote sustainable practices through both recycling and the use of secondary materials.

METAL RECYCLING [t] GRI 301

	2023*	2022	2021
Total	17,520	14,652	1,233

*Data collection was adjusted in 2023. A breakdown of the key figures between PARS and SHW can be found in the appendix.

In 2023, almost 20,000 tonnes of metals were recycled and sold to companies that specialise in remelting the metals.

GOALS

Pankl Group aims to increase the portion of secondary materials in material purchases by the end of 2024, if the quality of the raw materials is ensured through material certificates.

SOCIAL SUSTAINABILITY ASPECTS

EMPLOYEES

WORKING CONDITIONS

MAJOR IMPACTS

Working conditions are the legal and factual environment in which employees carry out their work. A key principle of a responsible company is to provide employee-friendly conditions in the workplace and to treat employees fairly. Changing a company towards sustainability happens to the benefit of employees, but also through their actions. Involving employees and taking their wishes and ideas into account are essential to achieve sustainable design of workplaces and working conditions.

RISKS AND OPPORTUNITIES

Pankl Group defines risks and opportunities in connection with working conditions in the following categories: secure employer, appropriate wages as well as working hours and work-life balance. As a globally active company, we are interested in meeting the wishes of employees and implementing working time flexibility.

The difficulties associated with demographic change lie in balancing the interests of a company and employees and finding satisfactory options. In concrete terms, this means creating a high level of employee satisfaction and binding employees to the company for the long term. Nevertheless, Pankl Group pays attention to the Company's continued success and tries to counteract a shortage of qualified workers. This includes, on the one hand, the targeted and profitable deployment of employees and, on the other hand, respect for employee satisfaction. Pankl Group focuses on good working conditions and work-life balance.

STRATEGIES REGARDING WORKING CONDITIONS

The aim of Pankl Group is to be perceived globally as an attractive employer and to offer its employees a secure job. Pankl Group strives to attract qualified specialists to the Company, to develop them professionally and personally and to retain talent in the long term. The aim is to strengthen the employer brand regarding diversity and increase awareness among new target groups. As a global employer, employees are a particularly important success factor for Pankl Group. Accordingly, part of the strategy is to take responsibility for these employees and their families.

RELATED SDGs

- 3.8 To provide universal health care, including protection against financial risks, access to quality essential health services and access to safe, effective, quality, and affordable essential medicines and vaccines for all
- 8.3 To promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation and promote the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services
- 8.8 To protect labour rights and promote safe working environments for all workers, including migrant workers, particularly female migrant workers, and those in precarious employment

For Pankl, a human resources policy that promotes the compatibility of family and career is a key feature of its attractiveness as an employer. We are continuously working on the development of family-friendly working time models and in the Austrian PARS locations a childcare allowance is paid out once a year for each child. SHW Bad Schusserried also has a flexible childcare offer, which can be booked individually via a platform.

There are numerous collective bargaining regulations in the Company that are intended to make it easier for employees to reconcile professional requirements and private needs and to individually design their own working model. In addition to flexible working hours and the use of flexitime, variable part-time and shift models, company-based childcare options, and home office have been established.

An employee survey in 2023 made it possible to evaluate psychological stress in the workplace

TAKING MEASURES AND FURTHER EXPLANATIONS

across Europe. In comparison to other Austrian companies, PARS was able to achieve very good results, both in the white-collar and blue-collar sectors. SHW also achieved an excellent overall result in the workplace evaluation, in the topic of psychological stress at work as well as in commitment and motivation.

PARS had a response rate of 84% in Austria and SHW one of 45% from the European locations. The response rate from all locations surveyed was around 82% and therefore shows very good values. At the PARS Kapfenberg location, the initiative was taken to make the commute to work climate-friendly and less stressful. The frequency of buses to the high-tech park in Kapfenberg was increased. This makes it much easier for employees to travel to and from work by public means of transport than before.



KEY FIGURES AND GOALS

Per 31 December 2023, Pankl Group employed 4,373 persons worldwide (2022: 4,365). In 2023, the proportion of female employees was about 24%. Around 74% of the Pankl Group's employees are subject to collective bargaining agreements.

In 2023, employee fluctuation at Pankl Group was around 10% worldwide (previous year: 12%). An expanded list of the most important employee key figures can be found in the appendix.

Pankl Group's goals around working conditions include further improvements and measures from the 2023 employee survey. This is a continuous process that Pankl Group will implement in the coming years to ensure competitiveness.

Pankl Group also wants to continue to address the issue of balancing work and family life. In 2023,

PARS was named the most family-friendly company in Styria. This is due to the high proportion of women, especially mothers, in leadership positions. The aim is to expand part-time offerings and to particularly encourage those returning from maternity leave.

In 2023, SHW received a "Volunteer-Friendly Employer in Civil Protection" award from the state of Baden-Württemberg for its social commitment at its Aalen and Bad Schussenried locations.

The extension and expansion of the further training offering in Pankl Group, which is also provided on an international basis in 2024, means that Pankl will continue to be seen as an employer that also offers secure jobs through training and further education.





SAFETY AT WORK AND HEALTH PROTECTION GRI 403

MAJOR IMPACTS

Companies are obliged to protect their employees from work-related accidents, diseases, and health impairments. Every company therefore considers the health and safety of its employees to be its greatest asset. For this reason, continuous improvements shall be pursued on an ongoing basis to constantly increase the level of safety in the workplace.

RISKS AND OPPORTUNITIES

Safety at work and health protection have the highest priority in Pankl Group. Work-related accidents and illnesses are avoided as best as possible to protect employees. Occupational accidents affect the production process, reduce productivity, and sustainably damage the Company's reputation. The attractiveness of the employer can be increased through measures to promote physical and mental health.

STRATEGIES REGARDING SAFETY AT WORK AND HEALTH PROTECTION

Pankl Group's strategy is to ensure safety at work and health of its employees in the best possible and long-term manner. That is why, in occupational safety, all employees at every level as well as external companies are sensitised and trained on this topic, more than required by legal regulations. This is intended to create awareness of operational risks.

Regarding employee protection and the health of employees, options are also constantly being improved to make employees aware of the importance of these areas and thus ensure the health of all employees.

RELATED SDGs

- 3.8 To provide universal health coverage, including protection against financial risks, access to quality essential health services and access to safe, effective, quality, and affordable essential medicines and vaccines for all
- 3.9 By 2030, to significantly reduce deaths and illnesses from hazardous chemicals and pollution and contamination of air, water, and soil

TAKING MEASURES AND FURTHER EXPLANATIONS

In 2023, Pankl Group continued to attach great importance to the health and safety of its employees. To make an important contribution to one's own health, an extended preventive examination was offered in the Austrian, Brazilian and American locations of Pankl Group. The annual spring, corona and flu vaccination campaigns are an established and important part of health promotion throughout the entire Pankl Group. Employees may speak with an industrial psychologist if necessary. At SHW's Bad Schussenried location, our own company doctor is available once a week to discuss health issues with employees. At SHW do Brasil, the medical examinations when hiring commercial and production employees were expanded to include CT and X-ray to avoid potential health risks for employees.

At CP-Carrillo there is a special incentive system with which employees can reduce their health insurance costs by 5-10%, among other things through proven health training and carrying out preventive examinations with colonoscopy and mammography. In SHW Romania and China, employees are offered private health insurance. In Romania, this also includes free access to preventive medical care in one of the largest Romanian clinics.

The health corner has been established at the Kapfenberg and Bruck an der Mur locations for several years. Here, employees are provided with tips on health care monthly. This offer is also available digitally. In addition, as part of the "Healthy Snack" campaign, fruit baskets are delivered twice a week and a free tea bar is available at all Austrian locations. The employees of the canteens in the SHW locations in Germany and China as well as in the PARS locations in Austria and Slovakia ensure a healthy, balanced and regional lunch, which is supported by the Company with a food subsidy. At Pankl Turbosystems and other SHW locations, the Company also contributes to the cost of lunch. At SHW Romania, preventive medical care is promoted through the health package offered to employees.

A Pankl Safety Day was held for the first time in 2023. This involves co-ordination with all security specialists within the entire Group. The participants came from Pankl Group (SHW and PARS) and the sister company KTM AG. This enabled the exchange in the security area to be taken to the next level across the Group.

In 2023, the focus in promoting occupational safety and health protection was on work equipment at the Austrian and German locations. Employees were

granted a subsidy for optical safety glasses and computer work glasses and were able to purchase customised hearing protection. A "5 Minutes to Security" platform was also launched in 2023. This serves to exchange safety topics as part of morning meetings and production co-ordination taking place every 14 days. These also include safety-relevant topics such as accidents at work and complaints from production inspections.

Emergency exercises were carried out with emergency services from the Red Cross and the fire department at Pankl High Performance and Krenhof Kapfenberg. Afterwards there were internal video analyses and associated explanations.

A new health and safety committee was convened at SHW in Canada in 2023. This consists of employees from various departments. The aim is to uncover potential hazards that could endanger health and safety in the workplace and to develop strategies to act correctly in emergency situations. This committee meets once a month, discusses all current issues, and discusses responsibilities.

Since 2023, new hazardous substances at Krenhof



Köflach can only be released via the prevention team and the fire protection officer. In addition, machine safety in tool making and operational markings were re-evaluated and improved.

At Pankl Automotive Slovakia, employees who are exposed to dangerous conditions in production are financially enabled to take a "reconditioning stay" every two years. In addition, employees regularly receive vouchers for pharmacies.

The “Safety Walk & Talk” was introduced in 2022. In this project, selected managers deal with the topics of personal protective equipment, cleanliness and order, ergonomics, and psychological stress in the workplace. The project consists of quarterly visits by managers to pre-defined workplaces. The aim is to have a direct conversation with the production employees about the specified key topics. The presence of managers on site also conveys the high value of this topic to the employees. A very positive development was noticed in 2023. On the one hand, through the increasing trust of employees in open communication, on the other hand, managers gain insights into every area and the different ways of working.

As part of the onboarding process, PARS and SHW employees are introduced to the topic of occupational safety through awareness-raising training. Training courses on safety instructions, night work,

cooling lubricants and other dangerous working materials were also rolled out. In addition, video spots on various safety topics and the protection of equipment are shown on the information screens in the Austrian production sites at PARS.

With the Pankl Protected project, Pankl Group has launched an intensive training campaign together with the General Accident Insurance Institute (AUVA). The relevant topic blocks are divided for production team leaders, employee team leaders, department heads, production managers and operations managers. In addition to raising awareness, the aim is, among other things, to increase basic knowledge, get to know internal processes, increase personal responsibility, and reduce accidents at work. Last but not least, this allows security professionals to receive the best possible support. The training series is repeated every two to three years.



PANKL IN MOTION

The “Pankl in Motion” health program, which covers the areas of relaxation, exercise, and nutrition, also offered interesting lectures and workshops as well as heart strength coaching, heart rate variability measurements and health consultations in 2023.

Pankl Group supports its employees at all locations in selected sporting events, such as marathons and cycling races, by having the entry fee covered in full by the Company. In addition, the training of the Pankl in Motion football team as well as full-body workouts and yoga classes continued in Austria. Three training sessions with a fitness trainer take place twice a week in the CP-Carrillo fitness studio. Sports units have also been added specifically for apprentices, which take place every other week during working hours. The apprentices at Krenhof Köflach are in active contact with the local disabled sports club. At Pankl Automotive Slovakia, employees receive massage treatments supported by the Company.



Pankl Group strives to regularly provide employees at all locations with new offers and discounts. In addition to a wide variety of discounts in regional fitness studios and public swimming pools as well as the CP Carrillo internal fitness studio, discounts could also be offered in tennis halls, football and boxing clubs in 2023. To encourage employees to exercise during their free time and in recognition of their achievements in the 2023 fiscal year, every Pankl Group employee received a bicycle as a thank you. In addition, Pankl Group supports its employees in Austria and Germany through a bicycle leasing campaign with a subsidy of 50% of the leasing rate. These bicycles can be used by employees entirely for private purposes.



KEY FIGURES AND GOALS

In 2023, 312 work-related accidents occurred among workers and temporary workers in Pankl Group. The total number of accidents with at least one day lost was 119.

Pankl Group's goal is to continue to protect the health of its employees. This shall take place in 2024 through expanded and more comprehensive preventive examinations. In addition, special sports programs are implemented in the Company. Special apprentice health days will be introduced for apprentices in 2024. These are intended to protect young people from future illnesses, lack of exercise and unhealthy diet.

Measures regarding occupational safety are also planned. These include in particular the topic of best safety, which emerged as a key topic from the employee survey. The planned goal for 2024 is also to be awarded the AUVa seal of approval in the first profit centres. In terms of key figures, the Lost Time Injury Frequency Rate (LTIFR) is to be further reduced in 2024.

TRAINING AND EDUCATION GRI 404

MAJOR IMPACTS

Investing in highly qualified personnel is a strategic investment in the future of the Company. In addition to the appreciation that is expressed to employees, investments in training and further education also increase employee motivation and morale and improve employee performance. One can strategically address weaknesses and close knowledge gaps, thereby keeping specialist knowledge up to date. Employees can learn new skills that improve their performance and even achieve new results, which in turn also benefits the Company.

RISKS AND OPPORTUNITIES

Strategic personnel development is an essential aspect for Pankl Group. In this way, it binds employees to the Company for the long term and offers them prospects for further development within the Company. On the one hand, this is an opportunity for the employees and the Company, and on the other hand, it also reduces the risks of fluctuation. With a wide range of training and support programmes, employees are kept up to date and prepared for professional challenges.

TRAINING AND EDUCATION STRATEGIES

Pankl Group's strategy is the individual and continuous support and development of all employees. This should also lead to keeping employees in the Company in the long term.

The training of apprentices is another essential component of Pankl Group's personnel strategy. That is why PARS is currently investing about EUR 18m in the construction of the new Pankl Academy in Kapfenberg. This creates the conditions to further expand the number of apprentices. A key goal is to continue to employ apprentices in Pankl Group after their graduation. In this way, the Company secures the need for skilled workers and at the same time helps to enable young people to have a successful start to their professional lives. The basic training for all technical apprenticeships and special training is carried out at the Pankl Academy, enabling future skilled workers to get to know the Company and its operations in the best possible way.

RELATED SDGs

- 4.3 By 2030, to ensure equal access for all women and men to affordable and high-quality technical, vocational, and tertiary education, including university education
- 4.4 By 2030, to substantially increase the number of persons who have the appropriate skills, including technical and vocational skills, for employment, decent work, and entrepreneurship
- 4.5 By 2030, to eliminate gender disparities in education and ensure equal access to all levels of education and training for the vulnerable in society, including people with disabilities, members of indigenous communities, and children in vulnerable situations
- 4.7 By 2030, to ensure that all trainees acquire the necessary knowledge and skills to promote sustainable development, including through an understanding of sustainable development and lifestyles, human rights, gender equality, a culture of peace and non-violence, global citizenship and the appreciation of cultural diversity, and contribution of culture to sustainable development.

TAKING MEASURES AND FURTHER EXPLANATIONS

In 2023, a specially designed Pankl Academy training catalogue was created, which was expanded to include a few additional topics and applies to all Austrian locations. PARS uses its internationality to offer its employees the opportunity to orient themselves globally and to develop further within the Group with long- or short-term assignments abroad in other locations. SHW also created its own, comprehensive training catalogue for the first time in 2023, which is valid in the German locations.

Individual training, area-specific training and cross-location training were carried out using the e-learning tools established in 2023. In Canada, the government even supports employee training. The Company also works closely with the University of Toronto there.

At all PARS locations and at some SHW locations, further training needs for the coming year were determined together with managers in 2023 and the training and development plan for 2024 was created from this. At the SHW locations in China, employees receive special support when internal positions become available. Attempts are being made to promote existing employees. Temporary workers at the Chinese locations can switch to permanent employment after three months.

In addition to the wide range of training courses, the annual employee appraisal was held across the board in 2023 as an important management tool. In this meeting, successes from the previous year and goals for the coming year were discussed and career development and training measures were determined. Employees at the Bad Schusserried location can undergo retraining. This offer includes the

opportunity to work as a machine and plant operator at SHW.

Special social skills training takes place across locations at SHW. In addition, at SHW do Brasil employees are trained in communication, interaction in the workplace as well as work organisation, teamwork, and conflict management.

To provide employees with the best possible support, a strategy workshop was organised in 2023 for all PARS HR business partners and all SHW HR site officers. The aim of the SHW workshop was to filter out where the Company currently stands and what should be offered by the HR departments in future. In general, this should ensure individual advice and further development for employees. A mentoring program is also offered to employees. The employee can discuss their needs and development opportunities with the assigned mentor and implement them together with the human resources department.

A new “technical information for employees” project was started at Krenhof Köflach in 2023. This project is intended to provide employees with an improved understanding of general and technical Company processes.

So-called “learning journeys” started at Pankl Aerospace in 2023, in which employees from different areas and functions travel to their respective counterparts to exchange learning and experiences, where they help each other with specific problems and develop solutions together. To do this, a plan with topics and learning objectives is drawn up in advance, presented, evaluated, and translated into appropriate actions.

MANAGEMENT DEVELOPMENT

The PARS management program, which started in 2022 and is designed for shift workers and team leaders from production and production-related areas, was continued in 2023. As part of four soft skills modules on personality and leadership topics as well as two specialist modules, participants from different locations are trained together to become qualified managers. In addition to theoretical input, the focus is on carrying out a subject-related continuous improvement process, which enabled the participants to apply the knowledge they had learned directly in their area of work.

There is a young talent development program within the Aerospace division at the US-locations. Employees are prepared over two years at Pankl Aerospace Systems Europe in Kapfenberg and then, at their request, sent to the location in the US as intercompany transferees. There they take on important projects on their own responsibility.

At SHW in Brazil, selected managers receive coaching to improve their leadership skills.

CAREER THROUGH APPRENTICESHIP

To better demonstrate the benefits of a technical apprenticeship, PARS organises an open training workshop day twice a year, where the apprenticeships on offer are presented. In addition to a tour of the Company, visitors get an overview of the activities of the respective apprenticeships.

To prepare for vocational school, Pankl offers all new apprentices subject-specific support lessons



and co-operates with the respective schools in all matters. The co-operation takes place via tours of the school classes through the Company and invitations to the training workshop. At Pankl Automotive Slovakia, students receive special support with their final theses. SHW takes part in training fairs across locations and offers school leavers the opportunity to gain an insight into the working world of SHW.

Different apprenticeship initiatives are supported at Krenhof Köflach. An apprentice gala took place in 2023. Parents' days and team building events also take place regularly. There is membership at and co-operation with the Styrian Training Association.

PARS apprentices who have successfully completed their apprenticeship are given a guarantee of employment. If apprentices are interested in an apprenticeship with a high school diploma, this is possible with the support of Pankl Group at the Austrian Economic Development Institute (WIFI). Two students from the Joanneum Aviation University of Applied Sciences in Graz are currently working at Pankl Aerospace Systems in California for seven months as part of their internship in their master's degree. After completing their studies in summer 2024, they will work at Pankl Aerospace Systems for three to five years.

KEY FIGURES AND GOALS

In 2023, employees at the Austrian locations completed a total of 2,528 training days. The investment costs in training and further education were about EUR 417k in Austria in 2023. At SHW, 1,904 training days were completed at the German locations and around EUR 692k were invested in training and further education in Germany. There is also a detailed table on training and further education in the appendix.

Per 31 December 2023, 238 apprentices were employed in Pankl Group, including seven apprentices from Spain in PARS. Training took place in eleven apprenticeships.

In the 2023 fiscal year, about 18% of female and around 82% of male apprentices were in an apprenticeship, of which around 92% were in the technical area and around 8% in commercial areas.

In addition to the milestone of opening the Pankl Academy in Kapfenberg in spring 2025, the PARS e-learning tool will be further expanded in 2024. Krenhof Köflach will get access to the tool in spring 2024. Furthermore, it is planned to introduce the same e-learning tool in SHW Germany. It will then be rolled out for worldwide use. In addition, simplified training courses for production employees will be made available in the coming years. This encourages employees and gives them the opportunity to further their training through internal qualifications.

The PARS leadership program is to be expanded worldwide in the coming year. This also gives employees at international locations the opportunity to develop into managers.



DIVERSITY AND EQUAL OPPORTUNITIES GRI 405

MAJOR IMPACTS

Pankl Group respects the rights of all people and pays attention to equal treatment and equal opportunities in terms of working conditions. Discrimination based on gender, ethnic origin, religion, disability, age, or sexual orientation will not be tolerated.

The uniqueness of each employee is what drives Pankl Group's determination. However, disadvantaged people often have difficulty accessing the labour market. Targeted programmes and integration measures can reduce inequalities and promote equal opportunities.

RISKS AND OPPORTUNITIES

The risks are reflected in damage to the Company's image and reputation. Opportunities lie in the Company's ability to innovate through the diversity and openness of its employees.

STRATEGIES FOR DIVERSITY AND EQUAL OPPORTUNITIES

Promoting diversity and inclusion plays an important role in being an employer. Pankl Group attaches particular importance to ensuring that all employees are treated fairly and respectfully. Social justice is promoted while discrimination and inequality are combated and avoided. This is the only way to create a working atmosphere in which people with different backgrounds, cultures and world views are valued and in which mutual trust is the basis. As an international Company, Pankl Group values the diversity that is expressed in the origins, culture, language, and ideas of its employees.

RELATED SDGs

- 5.1 To end all forms of discrimination against women and girls
- 5.5 To ensure the full and effective participation of women and their equal opportunities to assume leadership roles at all levels of decision-making in political, economic, and public life
- 8.2 To achieve higher economic productivity through diversification, technological upgrading and innovation, including by focusing on high value-added and labour-intensive sectors
- 10.2 By 2030, to empower all people regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status and promote their social, economic and political inclusion
- 10.3 To ensure equal opportunities and reduce inequality of outcomes, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislative, policy and other measures in this regard

TAKING MEASURES AND FURTHER EXPLANATIONS

To facilitate team structure and communication among each other, Pankl Group offers employees multilingual Company documents and language courses (especially in the German language) within the Company. Pankl Group co-operates with the CINT platform, which supports international employees with questions about living and working in Styria.

Pankl Group particularly supports Spanish skilled workers who find work in the Austrian and German locations of Pankl Group as part of the Talents for Europe project. Pankl Group offers these employees German courses to make integration easier and supports them in finding accommodation.

Pankl Group supports women and girls so that they can become enthusiastic about technical careers;

Pankl took part in "Girlsday 2023". Every year, a campaign for International Women's Day is launched on the Pankl Group's digital channels. The Company and a potential career in the Pankl Group are presented to women.

In addition, PARS is represented at the "female future" career and education day organised specifically for women at the Joanneum University of Applied Sciences in Kapfenberg.

In Ontario, where SHW Canada is based, there will be a new legal regulation in 2025 that will require companies to create disabled access in the company. Employees must be trained on how to deal with people with disabilities, which is why Accessibility Ontario Training (AODA) was started at the Canada location in 2023.

KEY FIGURES AND GOALS

Pankl Group is very international. In 2023, PARS employed 2,423 people from 55 nations worldwide (2022: 49 nations); SHW employed 1,945 people worldwide from 44 nations in Germany (2022: 43 nations). The holding company, Pankl AG, had 5 employees working in Austria as of the 2023 reporting date. In 2023, the proportion of women in the Pankl Group was about 24%. The global median age was 39 years.

Pankl Group's goal is to continue to be considered a fair and secure employer in the future. That is why it is important to continue to pursue strong goals in the areas of diversity and equal opportunities in the coming years. Above all, Pankl Group wants to continue to encourage part-time workers, especially mothers, into leadership roles. Young fathers should also be able to spend time with their children. Pankl Group therefore also promotes paternity leave and part-time models for male employees. Another goal of Pankl Group is to further increase the proportion of women in the Company.

In 2024, Pankl Group will continue to offer various language courses for foreign employees and promote the integration of international specialists.

SOCIAL ASPECTS GENERAL

DATA PROTECTION, INFORMATION SECURITY UND CYBERSECURITY

GRI 418-1

MAJOR IMPACTS

The General Data Protection Regulation (GDPR) grants consumers more rights and places the burden on companies to strictly comply with laws and guidelines. Companies that work with personal data must comply with the respective national and European data protection regulations.

When processing personal data, the principles of data processing (legality, processing in good faith, transparency, purpose limitation, data minimisation, accuracy, storage limitation, integrity, and confidentiality) must be observed. Data processing is only permitted if it is based on a legal basis specified in the GDPR (lawful data processing).

RISKS AND OPPORTUNITIES

GDPR violations expose companies to the risk of high fines. These apply if there are violations of the protection of personal data or the processing of personal data without an appropriate legal basis.

DATA PROTECTION AND CYBERSECURITY STRATEGIES

In Pankl Group, particular attention is paid to the topics of data protection, information security and cybersecurity. The focus is on securing customer, supplier and employee data as well as protecting know-how. In keeping with the Company's mission statement, the key principles "High Tech, High Speed, High Quality" also apply to these topics.

RELATED SDGs

9.c To significantly expand access to information and communications technology and aim to provide universal and affordable access to the Internet in the least developed countries by 2020.

TAKING MEASURES AND FURTHER EXPLANATIONS

Necessary management systems have been established for data protection as well as for the areas of information security and cybersecurity. The relevant processes and procedural instructions are transparent and accessible to all employees concerned.

To exclude the risk of data leakage to unauthorised third parties, awareness training is carried out and

the necessary investments in security systems in IT and building security are promoted. To ensure compliance with data protection regulations, data protection co-ordinators and officers are employed in the individual Pankl AG companies. They ensure legally compliant data processing and are particularly responsible for safeguarding the rights of those affected. In 2023, data protection courses were also introduced, which were rolled out in PARS and

SHW for all employees concerned. This training must be completed once a year.

Opportunities for attacks are increasing, which is why increased attention has been paid to training and further education of employees in recent years. In addition to digital training, personal training was also held. In 2023, a revised version of the common training concept for data protection, information security and cybersecurity was rolled out for all employees within the EU. A guideline for the compliant use of AI systems has already been implemented in PARS.

In addition, every employee can report potential security incidents via a central email address. It is also possible to report incidents anonymously via Pankl Group's whistleblowing platform (<https://pankl.integrityline.com/frontpage>), which is also available to external persons from 1 January 2024.

The use of "state-of-the-art systems" to actively defend against attacks and the use of AI-based

and behaviour-based technologies to detect malware help to control the increasing threats to IT systems. At the same time, existing systems are checked for vulnerabilities through regular internal and external penetration tests. The "patching" of known security gaps is ensured by the update processes used.

All these precautions are checked for effectiveness through regular external security tests and audits. Deviations are dealt with in the Company's internal risk management and appropriate measures are derived.

Compliance with the applicable data protection regulations is ensured by external audits every three years in Group companies based in the EU. The sum of systems, measures and processes prevents data breaches and therefore also prevents any resulting financial damage.

KEY FIGURES AND GOALS

A total of 1,874 employees of Pankl Group (PARS locations in Kapfenberg and Bruck an der Mur as well as German SHW locations) were trained in data protection. Of these, 97% SHW employees and 91% PARS employees completed the training. Around 98% of SHW employees at the German locations were trained in IT security. Around 60% were trained at PARS (Kapfenberg and Bruck an der Mur locations).

There were no data protection complaints at PARS in 2023. At SHW, one reportable event was notified to the data protection supervisory authority in Stuttgart in 2023.

DATA PROTECTION GOALS

The goal of Pankl Group is to create awareness among employees. This goal is to be introduced through annual training courses as well as the implementation of further training courses and the introduction of process definitions in 2024. At SHW, data protection training will also be available for non-desk workers in 2024. Pankl Group has also set itself the goal of expanding the data protection management system and continuing the audits in a three-year cycle. Furthermore, the switch to new software for the processing directory and its ongoing updating is one of the goals for 2024.

INFORMATION SECURITY GOALS

Information security goals for 2024 are to actively expand the Tisax project management and to implement a comprehensible, ongoing information security risk management.

CYBERSECURITY GOALS

A guideline for the compliant use of AI systems is also to be rolled out in SHW in 2024.

GOVERNANCE ASPECTS

MANAGEMENT OF SUPPLIER RELATIONSHIPS GRI 414

MAJOR IMPACTS

Globally active companies need to responsibly check and take a close look at supply chains. Supply chain management allows, on the one hand, to carry out a risk assessment regarding human rights and, on the other hand, to bring more transparency into the supply chain through ongoing reporting.

RISKS AND OPPORTUNITIES

Due to the scope of Pankl Group's supply chain and the complexity of the supply chain risk management, it cannot be ruled out that individual risks in the supply chain may be overlooked. There is also the risk that individual suppliers can no longer be used due to the risk assessment.

If a violation occurs in the supply chain, there is a risk of damage to Pankl Group's image. These offences can fall back on Pankl Group as the client.

There are opportunities to strengthen the resilience of the supply chain and making it sustainable.

SUPPLY CHAIN MANAGEMENT STRATEGY

Pankl Group's strategy is to carry out risk analyses regularly and to implement preventive measures and training courses at regular intervals within the Company. Pankl Group also offers remedial measures if necessary.

RELATED SDGs

- 8.7 To take immediate and effective action to eliminate forced labour, end modern slavery and human trafficking, and to ensure the prohibition and elimination of the worst forms of child labour, including the recruitment and use of child soldiers, and to end all forms of child labour by 2025
- 8.8 To protect labour rights and promote safe working environments for all workers, including migrant workers, particularly female migrant workers, and those in precarious employment
- 10.2 By 2030, to empower all people regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status and to promote their social, economic and political inclusion
- 10.3 To ensure equal opportunities and reduce inequality of outcomes, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislative, policy and other measures in this regard



TAKING MEASURES AND FURTHER EXPLANATIONS

In 2023, Pankl Group started an internal company project before the German Supply Chain Due Diligence Act comes into force. An in-house risk analysis was carried out, which is updated at regular intervals.

In addition, a separate complaints procedure was introduced, and the whistleblowing platform was rolled out worldwide and is publicly accessible on the Pankl Group website.

In 2023, Pankl Group also published a policy statement on compliance with human rights and a whistleblower policy. These guidelines are also available on the Pankl Group website and the whistleblowing system page.

Another measure was the appointment of a human rights officer in both PARS and SHW.

KEY FIGURES AND GOALS

In 2023, 3,374 suppliers were informed about Pankl Group's updated Code of Conduct.

Pankl Group has set a new guideline for sustainable procurement as its goal for 2024. In addition, a comprehensive supply chain report with key figures will be produced for the first time in 2024.

CORRUPTION AND BRIBERY GRI 414

MAJOR IMPACTS

The goal of compliance is to ensure adherence with legal regulations as well as internal company guidelines and specifications. This is intended to minimise legal risks (preventatively) and to preserve the Company's reputation, integrity, and credibility. Internal company measures, such as the publication and regular updating of the Code of Conduct as well as employee training, are intended to ensure responsible interaction with one another and economic, social, and environmentally conscious actions within Pankl Group. Compliance with the law, honesty, ethics, morals, reliability, respect, and trust form the foundation and universal basis of all co-operation and good business relationships. Through monitoring and control mechanisms, any violations of laws or guidelines can be identified, clarified and, if necessary, sanctioned as quickly as possible to limit possible damage as much as possible. Employees are also encouraged to report potential violations (anonymously) via the Company's internal whistleblower system and thus make a valuable contribution.

RISKS AND OPPORTUNITIES

The risks include high fines, the personal liability of managing directors and management board members, long-term legal proceedings, and damage to reputation (loss of image). Civil law consequences can also be serious. These are primarily reflected in the skimming of sales and the invalidity of contracts. Opportunities lie primarily in responsible handling, in preventing and uncovering grievances, and in the further development of employees and the Company.

STRATEGIES TO COMBAT CORRUPTION AND BRIBERY



The Pankl Group has extensive compliance management, which aims to anchor business ethics guidelines throughout the Company and ensure their correct implementation.

Design and implementation of compliance management have already been examined for their suitability and effectiveness. The result was that the system is appropriately designed and effectively implemented. In this way, systematic misconduct in the fight against corruption, bribery and violations of competition law can be prevented, uncovered, and stopped. A tool for risk assessments in the context of the Supply Chain Due Diligence Act, the whistleblowing tool and training courses in the Pankl Group are also used for this purpose.

Pankl Group strives to avoid industry-specific bribery and corruption risks. The reputation of the Pankl Group is also very important. Therefore, great importance is attached to consistent compliance with business ethics standards.

Compliance with ethical standards is a non-negotiable value that is a top priority. The absolute commitment to this applies at all levels of Pankl Group, from top management to individual employees and business partners. Every business activity, from planning the business strategy to day-to-day operations, is measured against compliance with ethical standards such as the Code of Conduct.

RELATED SDGs

- 8.5 By 2030, to achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value
- 8.7 To take immediate and effective action to eliminate forced labour, end modern slavery and human trafficking, and to ensure the prohibition and elimination of the worst forms of child labour, including the recruitment and use of child soldiers, and to end all forms of child labour by 2025
- 8.8 To protect labour rights and to promote safe working environments for all workers, including migrant workers, particularly female migrant workers, and those in precarious employment
- 16.5 To significantly reduce corruption and bribery in all its forms

TAKING MEASURES AND FURTHER EXPLANATIONS

Guidelines

Pankl Group has a zero-tolerance policy regarding bribery, fraud, theft, and all other forms of corruption. Based on this policy, Pankl Group undertakes to detect any potential policy violations, investigate any non-compliance, and determine appropriate measures or sanctions for the individuals involved.

The integrity of the employees is the basis for the trust that business partners, suppliers, customers, and consultants place in Pankl Group. To make this commitment to business integrity clear, Pankl Group completely revised the Code of Conduct of its two subsidiaries, Pankl Racing Systems AG and SHW AG, in 2023 and raised it to the level of the parent company Pankl AG. It is available in seven languages on the Pankl AG homepage. The Code of Conduct considers the required standards of the Pankl Group as well as the high expectations of its stakeholders. The Code of Conduct expresses the values of Pankl Group and defines the responsible manner of forming business relationships with particular attention to ethical and legal standards.

The Code of Conduct applies to all employees, managers, and board members as well as to all business partners, suppliers, customers, and consultants across the Group and worldwide. Everyone must respect the values of Pankl Group and comply with the



established ethical and legal standards. The Code of Conduct defines rules and behaviour in, among other things, money laundering and terrorist financing, conflicts of interest, political activities, and other areas such as fair competition and the ban on cartels.

A separate guideline for accepting benefits and gifts was also created in 2023 and published at Pankl AG level. This describes the internal business ethical obligations and defines behaviour when accepting gifts and invitations. Both the Code of Conduct and the guidelines for accepting benefits and gifts have been approved by the Management Board of Pankl Group and apply throughout the Group and worldwide.

The whistleblower policy, published in 2023, sets out how employees and other stakeholders can confidentially and anonymously report incidents and grievances, particularly in relation to corruption, bribery, and competition law. The policy also defines the handling of such cases and provides special protection for whistleblowers against any form of retaliation.

In addition, Pankl Group published a policy statement on compliance with human rights in 2023. These guidelines are also available on the Pankl Group website and the global whistleblowing system page.

At the end of 2021, Pankl Group introduced an internal whistleblowing system, the so-called “Integrity Platform” for (anonymous) reporting of grievances.

If potential or actual misconduct or violations of the Code of Conduct or legal regulations are identified, this should be reported via the anonymous whistleblowing system. It doesn’t matter who commits or has committed such violations.

Employees, managers, or board members who report via the whistleblowing system do not have to fear any retaliation or adverse consequences regarding their employment in Pankl Group. This

also applies if the person providing the information acted in good faith and the reported fact turned out to be untrue. Anyone who retaliates against a bona fide reporter will be subject to disciplinary action, including termination.

With the German Supply Chain Due Diligence Act coming into force, Pankl Group has expanded the “Integrityline Platform” to include a complaint procedure for the early reporting and detection of misconduct worldwide and made it publicly accessible. To take preventative measures to avoid or reduce major financial losses or reputational damage, timely notification is crucial.

Whistleblowing and Complaint Procedure

In addition to employees, managers and board members, all other stakeholders such as business partners, suppliers, customers, and consultants are also a valuable source. They can also support Pankl Group in identifying violations of guidelines and laws.

The Integrityline platform is accessible to everyone online via the Pankl Group website (<https://pankl.integrityline.com/frontpage>).



Trainings

It is very important for Pankl Group's strategy that all employees, managers, and board members are fully aware of the ethical values and principles. In training courses on the Code of Conduct and the individual guidelines, employees, managers, and board members learn how to correctly deal with specific topics. The e-learning tool is aimed annually at all employees, managers, and board members of Pankl Group with the topic of Code of Conduct and the special topics it contains, including competition and antitrust law as well as sustainability. The training on competition and antitrust law

focuses primarily on management, purchasing and sales, and the finance departments and explains how to deal properly with competitors, customers, and suppliers.

All employees have fulfilled their obligations regarding ethical business practices, legal regulations, and internal policies. This is reflected in the fact that there were no compliance cases in the 2023 fiscal year. This positive result is confirmation of the consistent training of employees and transparent communication of the compliance guidelines.

KEY FIGURES AND GOALS

In 2023, 2,357 Pankl Group employees were trained on the Code of Conduct and business ethics including 140 managers. 88% of this number were PARS employees and around 12% SHW employees. All board and supervisory board members were also trained. In addition, around 52% of PARS employees were trained on competition law and around 87% on the subject of accepting benefits and gifts. There were no relevant violations of compliance guidelines within Pankl Group in the 2023 fiscal year. An overview in table form can be found in the appendix. The goal of Pankl Group is to maintain a modern compliance system and to further improve and

review these high standards regarding the Supply Chain Due Diligence Act in 2024. If gaps arise, they will be closed as best and as quickly as possible.

Also planned for 2024 is the further promotion of awareness of ethical values and principles. Consistently conducting training on individual business ethics topics is an effective tool for this. To this end, the training on sustainability introduced in 2023 will be carried out annually by all employees.

The Group's efforts to promote a culture of integrity and transparency will continue intensively in the future.



APPENDIX

KEY FIGURES - ENVIRONMENT

TOTAL ENERGY CONSUMPTION [GWh] GRI 302-1, GRI 302-2

	2023	2022	2021
Pankl AG	269.28	266.41	266.05
Pankl Racing Systems AG	82.0	81.5	75.9
SHW AG	187.3	184.8	190.7

CORPORATE CARBON FOOTPRINT [tCO₂] GRI 305

Pankl AG		2023	2022
Total		213,832	258,065
Scope1	Stationary combustion	32,560	39,366
	Mobile combustion	874	818
	Fugitive emissions	816	530
Scope2	Electricity	5,951	26,983
	Steam and heat	374	123
Scope 3	Purchased goods and services	146,220	135,304
	Fuel- and energy-related emissions	8,042	12,889
	Transport and distribution (upstream)	10,339	10,182
	Waste	3,811	21,902
	Business travel	978	530
	Employee commutes	3,869	9,437

Pankl Racing Systems AG

		2023	2022
Total		92,809	121,022
Scope 1	Total	4,497	4,160
	Stationary combustion	3,240	3,649
	Mobile combustion	441	504
	Fugitive emissions	816	7
Scope 2*	Total	4,928	5,901
	Electricity	4,727	5,883
	Steam and heat	201	18
Scope 3	Total	83,384	110,960
	Purchased goods and services	68,014	93,713
	Fuel- and energy-related emissions	3,309	3,072
	Transport and distribution (upstream)	8,616	4,950
	Waste	257	2,424
	Business travel	738	367
	Employee commutes	2,449	6,434

SHW AG		2023	2022
Gesamt		121,017	137,134
Scope 1	Gesamt	29,754	36,554
	Stationary combustion	29,320	35,717
	Mobile combustion	434	314
	Fugitive emissions	-	523
Scope 2*	Gesamt	1,396	21,205
	Electricity	1,224	21,100
	Steam and heat	173	105
Scope 3	Gesamt	89,866	79,285
	Purchased goods and services	78,205	41,591
	Fuel- and energy-related emissions	4,724	9,817
	Transport and distribution (upstream)	1,723	5,323
	Waste	3,553	19,478
	Business travel	240	162.63
	Employee commutes	1,421	3,003

*Marked based calculation

ENERGY MIX [GWh] GRI 302

Pankl AG	2023	2022	2021
Gesamt	269.28	266.41	266.05
Electricity	140.25	136.52	130
Melting coke	78.64	78.77	80.4
Natural gas	45.53	46.7	50.2
District heat	2.19	1.71	1.3
Diesel	1.96	1,7	1.5
Petrol	0.71	1	0.6
Pankl Racing Systems AG	2023	2022	2021
Gesamt	81.95	81.5	75.87
Electricity	61.7	60.55	54.7
Melting coke	-	-	-
Natural gas	17.7	18.11	18.8
District heat	1.17	1.16	1.25
Diesel	0.91	0.91	0.65
Petrol	0.47	0.77	0.47
SHW AG	2023	2022	2021
Gesamt	187.06	184.79	190,66
Electricity	78.5	75.9	75.2
Melting coke	78.6	78.8	80.4
Natural gas	27.8	28.6	31.3
District heat	1.0	0.5	2.7
Diesel	1.0	0.8	0.9
Petrol	0.2	0.2	0.1

REDUCTION OF GAS CONSUMPTION [GWh] GRI 302-4

Pankl AG	2023	2022
Reduction of gas consumption	1.2	3.5
Pankl Racing Systems AG	2023	2022
Reduction of gas consumption	0.4	0.8
SHW AG	2023	2022
Reduction of gas consumption	0.8	2.7

PRIMARY CONSUMPTION OF RAW MATERIALS 2023 [t] GRI 301-1

	PARS	SHW	Pankl AG
	2023	2023	2023
Total	7,354	37,536	44,890
Aluminium	2,553	-	2,553
Bentonite	-	7,629	7,629
Bronze	1	-	1
Chromite	-	68	68
Graphite	-	438	438
Wood	312	28	340
Plastic	234	521	756
Copper	0.027	97	97
Varnish solvent	-	90	90
Manganese	-	211	211
Mineral oil	66	-	66
Molybdenum	0.01	84	84
Nickel	39	-	39
Paper	308	-	308
Hydrochloric acid	15	-	15
Sand	-	15,039	15,039
Oxygen	-	6,073	6,073
Lubricant	505	40	545
Silicon	-	513	513
Silicon carbide	-	3,116	3,116
Steel	3,055	3,589	6,644
Titanium	266	-	266

WATER CONSUMPTION [m³] GRI 303-5

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Total	49,804	44,716	94,520	150,137	138,707

METAL RECYCLING [t] GRI 301

	PARS	SHW	Pankl AG
	2023	2023	2023
Total	10,589	9,378	17,520

USE OF RECYCLED MATERIAL [t] GRI 301-2

	PARS	SHW	Pankl AG
	2023	2023	2023
Total	27,709	49,734	77,443
Aluminium	1,834	3,247	5,081
Steel	25,863	46,487	72,350
Copper	12	-	12

WASTE [t] GRI 306

Pankl AG	2023*	2022	2021
Non-hazardous waste total	32,300	23,443	49,837
Hazardous waste total	3,815	28,913	5,298
Metal waste	172	15,063	20,914
Aluminium waste	4	572	775
Waste for disposal	23,180	25,317	1,619
Waste for recycling	8,942	7,808	28,148
Toxic waste	3,815	3,596	3,678
Pankl Racings Systems AG	2023*	2022	2021
Non-hazardous waste total	614	14,288	-
Hazardous waste total	1,881	3,312	-
Metal waste	48	13,514	-
Aluminium waste	4	517	-
Waste for disposal	27	1,697	-
Waste for recycling	535	257	-
Toxic waste	1,881	1,614	-
SHW AG	2023*	2022	2021
Non-hazardous waste total	31,686	9,155	-
Hazardous waste total	1,934	25,602	-
Metal waste	124	1,549	-
Aluminium waste	-	55	-
Waste for disposal	23,154	23,620	-
Waste for recycling	8,408	7,551	-
Toxic waste	1,934	1,982	-

*Metal scrap is categorized under metal recycling and was not included in the waste reports.

KEY FIGURES - SOCIAL

EMPLOYEE KEY FIGURES GRI 102

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Total employees	2,423	1,945	4,373	4,365	3,918
Full-time	2,260	1,864	4,129	4,085	3,732
thereof male	1,653	1,583	3,240	3,171	2,982
thereof female	607	281	889	914	750
Part-time	163	81	244	280	186
thereof male	44	37	81	110	57
thereof female	119	44	163	170	129
Percentage of female employees	30	17	24	25	22
Percentage of male employees	70	83	76	75	78

DIVERSITY in % GRI 405

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Managers	5.4	6.4	6.0	8.6	7.1
thereof male	84.0	88.8	86.6	84.1	88.5
thereof female	16.0	11.2	13.4	15.9	11.5
thereof <30 years	1.5	2.4	1.9	9.0	7.2
thereof 30-50 years	74.0	66.4	69.1	70.0	70.5
thereof > 50 years	24.4	31.2	27.9	21.0	22.3
White collar workers	29.8	39.3	34.0	33.4	35.7
thereof male	68.1	67.0	67.5	73.7	74.2
thereof female	31.9	33.0	32.5	26.3	25.8
thereof <30 years	25.1	15.8	20.3	25.1	24.1
thereof 30-50 years	62.9	55.0	58.9	53.5	53.2
thereof > 50 years	15.4	29.2	22.4	21.4	22.8
Blue collar workers	58.4	47.0	53.3	53.3	53.9
thereof male	69.9	86.2	76.3	76.5	78.6
thereof female	30.1	13.8	23.7	23.5	21.4
thereof <30 years	28.6	17.7	24.3	29.4	27.0
thereof 30-50 years	50.7	54.8	52.3	49.4	51.3
thereof > 50 years	20.8	29.1	24.0	21.2	21.6
Temporary workers	1.4	5.2	3.1	4.8	3.3
thereof male	77.1	52.9	59.1	70.4	75.6
thereof female	22.9	47.1	40.9	29.6	24.4
thereof <30 years	40.0	39.2	39.4	35.5	23.1
thereof 30-50 years	48.6	43.1	44.5	58.6	58.0
thereof > 50 years	11.4	17.6	16.1	5.9	9.9
Apprentices	6.9	3.2	5.3		
thereof male	77.4	93.7	81.8		
thereof female	22.6	6.3	18.2		
thereof <30 years	100.0	100.0	100.0		
thereof 30-50 years	-	-	-		
thereof > 50 years	-	-	-		

EMPLOYEES BY CONTINENT GRI 102-8

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Total	2,423	1,945	4,373	4,365	3,918
Austria	1,613	-	1,618		
Germany	35	1703	1738		
Europe (exkl. AT/DE)	386	76	462		
Asia	130	104	234		
North America	259	38	297		
South America	-	24	24		

COLLECTIVE AGREEMENTS GRI 102-41

	PARS	SHW	Pankl AG
	2023	2023	2023
Employees with collective agreements	1,613	1,620	3,236
Employees with other agreements	810	325	1,137

MANAGEMENT AND SUPERVISORY BOARD GRI 405-1

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Management and supervisory board	10	9	9	8	8
Male in %	100	89	100	100	100
Female in %	-	11	-	-	-
<30 years in %	-	-	-	-	-
30-50 years in %	40	11	11	-	-
>50 years in %	60	89	89	100	100
Management board	4	3	4	3	3
Male in %	100	100	100	100	100
Female in %	-	-	-	-	-
<30 years in %	-	-	-	-	-
30-50 years in %	50	33	25	-	-
>50 years in %	50	67	75	100	100
Supervisory board	6	6	5	5	5
Male in %	100	83	100	100	100
Female in %	-	17	-	-	-
<30 years in %	-	-	-	-	-
30-50 years in %	33	-	-	-	-
>50 years in %	67	100	100	100	100

FLUCTUATION AND LEAVE GRI 405-1

	PARS	SHW	Pankl AG	
	2023	2023	2023	2022
Ø Age by continent				
Ø Total age	41	37	39	38
Austria	35	-	41	
Germany	39	43	41	
Europe (exkl. AT/DE)	43	39	41	
Asia	41	36	39	
North America	45	38	41	
South America	-	30	30	
Fluctuation by continent				
Total	320	138	458	
Fluctuation in %	13.21	7.1	10.5	12
Austria	188	-	188	
Germany	7	109	116	
Europe (exkl. AT/DE)	106	9	115	
Asia	3	3	6	
North America	16	10	26	
South America	-	7	7	
Parental leave returnees by continent (male)				
Total number of returnees	9	51	60	61
Austria	5	-	5	
Germany	-	49	49	
Europe (exkl. AT/DE)	-	-	-	
Asia	-	1	1	
North America	4	1	5	
South America	-	-	-	
Maternity leave returnees by continent				
Total number of returnees	9	42	51	15
Austria	9	-	9	
Germany	-	40	40	
Europe (exkl. AT/DE)	-	1	1	
Asia	-	1	1	
North America	-	-	-	
South America	-	-	-	

EDUCATION AND TRAINING GRI 404-1

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Total employee training hours	24,274	21,148	45,422	54,628	26,157
Education and training hours of employees in %	10.44	11.34	10.83	13.15	6.91
Female employees total	17,779	13,796	31,575	14,884	10,834
Female employees in %	10.96	9.38	10.20	15.06	12.81
Total male employees	5,245	7,376	12,621	39,744	19,996
Male employees in %	7.45	18.72	11.48	12.55	6.80
Blue-collar workers (incl. apprentices) total	12,693	9,980	22,673	16,691	6,516
Blue-collar workers in %	8.27	11.23	9.36	7.18	3.09
White-collar workers (incl. apprentices) total	8,258	8,937	17,195	32,490	18,179
White-collar workers in %	10.84	10.64	10.72	22.31	13.01
Managers total	2,270	1,603	3,873	5,448	1,506
Managers in %	17.60	12.83	15.07	14.60	5.42
Number of apprentices	175	63	238	216	166
thereof commercial apprentices	19	-	19	36	21
of which industrial apprentices	156	63	219	180	145

WORK-RELATED INJURIES GRI 403-9

Employees	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Calculation basis (hours worked)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Productive hours (excl. temporary and leased workers)	3,996,206	2,491,930	6,488,136	5,618,500	3,753,224
Number of work-related fatalities	-	-	-	-	-
Rate of work-related fatalities	-	-	-	-	-
Number of work-related injuries with serious consequences (excluding fatalities) (i.e., accidents with expected recovery time > 6 months)	1	-	1	3	3
Rate of work-related injuries with severe consequences	25.02	-	15.41	53.40	79.93
Number of documented work-related injuries	112	181	293	232	168
Injury rate (rounded)	28.03	72.63	45.16	41.29	44.76
Total work-related injuries with lost days (1 day or more)	59	52	111	91	74
LTIFR (Lost-Time Injury Frequency Rate)	14.76	20.87	17.11	16.20	19.72
Number of work-related accidents subject to registration by accident type					
Ligament injur	5	7	12	6	8
Fracture	2	4	6	8	8
Bruise	13	45	58	39	29
Contusion	21	29	50	22	14
Cut	25	50	75	31	16
Strain	3	5	8	7	6
Other injuries	29	39	68	23	6
Dislocation	4	-	4	-	-
Eye injury	8	13	21	-	-
Number of occupational accidents by cause/inducer					
Working materials / sharp & pointed object	16	135	151	4	5
Fall & fall of persons	4	-	4	4	3
Attention, tripping, twisting	14	45	59	32	30
Falling and toppling of objects	12	14	26	45	36
Personal protective equipment (non-use, incorrect use, etc.)	6	15	28	6	3
Work equipment / mechanical equipment	16	59	75	10	9
Work equipment / handling of hand tools	28	94	122	13	12
Accident while travelling	8	12	32	7	7

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Temporary employees					
Calculation basis (hours worked)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Productive hours (excl. temporary and leased workers)	571,575	162,294	733,869	768,690	62,980
Number of work-related fatalities	-	-	-	-	-
Rate of work-related fatalities	-	-	-	-	-
Number of work-related injuries with serious consequences (excluding fatalities) (i.e., accidents with expected recovery time > 6 months)	1	-	1	-	-
Rate of work-related injuries with severe consequences	-	-	-	-	-
Number of documented work-related injuries	16	3	19	34	1
Injury rate (rounded)	27.99	18.48	25.89	44.23	15.9
Total work-related injuries with lost days (1 day or more)	6	2	8	14	3
LTIFR (Lost-Time Injury Frequency Rate)	10.50	12.32	10.90	18.21	47.63
Number of work-related accidents subject to registration by accident type					
Ligament injur	1	-	1	1	-
Fracture	-	-	-	-	-
Bruise	2	-	2	1	-
Contusion	5	1	6	2	2
Cut	4	1	5	-	1
Strain	-	-	-	1	-
Other injuries	2	-	2	5	-
Dislocation	-	-	-	-	-
Eye injury	-	-	-	-	-
Number of occupational accidents by cause/inducer					
Working materials / sharp & pointed object	2	128	130	-	-
Fall & fall of persons	-	-	-	1	-
Attention, tripping, twisting	2	1	3	3	-
Falling and toppling of objects	1	1	2	2	1
Personal protective equipment (non-use, incorrect use, etc.)	1	-	1	-	-
Work equipment / mechanical equipment	5	30	35	1	-
Work equipment / handling of hand tools	2	50	52	-	-
Accident while travelling	-	-	-	-	-

ANTI-CORRUPTION GRI 205-2

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Information of employees about anti-corruption (e.g. handing out code of conduct, information brochures, information e-mails)					
Persons informed about anti-corruption	2,399	226	2,611	1,184	553
Persons informed about anti-corruption Proportion in %	98.9	12.2	61.0	28.50	14.92
Employees by employee category					
Blue-collar workers (incl. apprentices) total	1,498	67	1,565	753	309
Blue-collar workers in %	97.6	7.5	64.6	32.39	14.91
White-collar workers (incl. apprentices)	762	129	898	352	159
White-collar workers in %	100	15.4	56.0	24.17	11.77
Managers total	129	21	154	79	73
Managers in %	100	16.8	59.9	21.17	25.89
Executive Board and Supervisory Board	10	9	9	8	8
Management Board and Supervisory Board in %	100	100	100	100	100
Anti-corruption training (e.g., e-learning or classroom training)					
Total persons with anti-corruption training	2,275	226	2,487	670	541
Persons with anti-corruption training Proportion in %	93.8	12.2	58.1	16.13	14.60
Employees by employee category					
Blue-collar workers (incl. apprentices) total	1,388	67	1,455	445	
Blue-collar workers in %	90.5	7.5	60.0	19.14	
White-collar workers (incl. apprentices)	754	129	885	181	
White-collar workers in %	99.0	15.4	55.2	12.43	
Managers total	123	21	147	44	
Managers in %	95.3	16.8	57.2	1.79	
Executive Board and Supervisory Board	10	9	9	-	
Management Board and Supervisory Board in %	100	100	100	-	

ANTI-CORRUPTION TRAININGS BY CONTINENT GRI 205-2

	PARS	SHW	Pankl AG	
	2023	2023	2023	2022
Employees with anti-corruption training	2,393	226	2,624	599
Austria	1,584	-	1,589	470
Germany	35	226	261	-
Europe (exkl. AT/DE)	385	-	385	-
Asia	130	-	130	129
North America	259	-	259	-
South America	-	-	-	-

COMPLIANCE, NON-DISCRIMINATION, DATA
PROTECTION GRI 2, GRI 205, GRI 406, GRI 418

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
205-3: Compliance cases	-	-	-	-	-
2-27: Violations of laws and regulations	-	-	-	-	-
2-27: Total fines resulting from violations of laws and regulations	-	-	-	-	-
406-1: Discrimination incidents	-	-	-	-	-
418-1: Data protection complaints	-	1	1	-	-

CODE OF CONDUCT GRI 414-1

	PARS	SHW	Pankl AG		
	2023	2023	2023	2022	2021
Suppliers informed about Code of Conduct					
Austria	1,950	-	1,950	-	2
Germany	101	-	101	-	7
Europe (exkl. AT/DE)	589	-	589	9	4
Asia	21	23	44	26	-
North America	35	8	43	3	-
South America	-	-	-	-	-
Supplier response regarding Code of Conduct					
Austria	66	-	66	-	-
Germany	10	-	10	-	-
Europe (exkl. AT/DE)	-	-	-	9	-
Asia	21	-	21	26	-
North America	2	-	2	-	-
South America	-	-	-	-	-

TAXONOMY

REVENUE

Fiscal year 2023	Year			Criteria for a material contribution						DNSH criteria ("no major adverse impacts")									
Economic activities (1)	Code(s) (2)	Total sales revenues (3)	Revenues portion in 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum protection (17)	Taxonomy conforming (A.1) or eligible (A.2) revenues portion, year 2022 (18)	Category enabling activities (19)	Category transitory activities (20)
Text		EUR	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-conforming)																			
Revenues from environmentally sustainable activities (taxonomy conforming)		0	0%																
of which enabling activities																			
of which transitory activities																			
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-conforming activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.18. Manufacture of automotive and mobility components	CCM	892.639.579,63	95%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A*		
3.21. Manufacture of aircraft	CCM	40.410.269,26	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A*		
Taxonomy-eligible revenues from not environmentally sustainable activities (non-taxonomy-conforming activities) (A.2)		933.049.848,89	100%																
Total (A.1 + A.2)		933.049.848,89	100%																
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
Revenues from non-taxonomy-eligible activities (B)		3.142.000,00	0%							Portion of total revenues									
Total		936.191.848,89	100%							Taxonomy-conforming per target					Taxonomy-eligible per target				

Portion of total revenues	
Taxonomy conforming per target	Taxonomy eligible per target
CCM	100%
CCA	-
WTR	-
CE	-
PPC	-
BIO	-

CAPEX

Fiscal year 2023	Year			Criteria for a material contribution						DNSH criteria ("no major adverse impacts")										
Economic activities (1)	Code(s) (2)	Capex (3)	Capex portion 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum protection (17)	Taxonomy-conforming (A.1) or eligible (A.2) capex portion, year 2022 (18)	Category enabling activities (19)	Category transitory activities (20)	
Text		EUR	%	J; N; N/EL	J; N; N/EL	J; N; N/EL	J; N; N/EL	J; N; N/EL	J; N; N/EL	J/N	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-conforming)																				
Capex of environmentally sustainable activities (taxonomy-conforming) (A.1)		0	0%																	
of which enabling activities																				
of which transitory activities																				
A.2 Taxonomy eligible but environmentally non-sustainable activities (taxonomy non-conforming)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
3.18. Manufacture of automotive and mobility components	CCM	892.639.579,63	95%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									N/A*		
3.21. Manufacture of aircraft	CCM	40.410.269,26	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									N/A*		
6.5. Transport with motorcycles, cars and light commercial vehicles	CCM	741.461,50	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									N/A*		
Capex of taxonomy eligible but not environmentally sustainable activities (taxonomy non-conforming) (A.2)		33.874.820,44	49%																	
A. CapEx of taxonomy-eligible activities (A.1 + A.2)																				
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																				
Total non-taxonomy-eligible capex		35.730.022,79	51%							Capex share / total capex										
Total		69.604.843,23	100%							Taxonomy-conforming per target					Taxonomy-eligible per target					

Capex share / total capex	
Taxonomy conforming per target	Taxonomy eligible per target
CCM	49%
CCA	-
WTR	-
CE	-
PPC	-
BIO	-

OPEX

Fiscal year	Year			Criteria for a material contribution						DNSH criteria ("no major adverse impacts")						Taxonomy-conforming or eligible opex portion, year 2022 (18)	Category enabling activities (19)	Category transitional activities (20)		
	Economic activities (1)	Code(s) (2)	OpEx (3)	Opex portion in year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)				Biodiversity (16)	Minimum protection (17)
Text		EUR	%	J; N; N/EL	J; N; N/EL	J; N; N/EL	J; N; N/EL	J; N; N/EL	J; N; N/EL	J; N; N/EL	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-conforming)																				
Opex environmentally sustainable activities (taxonomy conforming) (A1)		0	0%																	
of which enabling activities																				
of which transitory activities																				
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-conforming activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
6.4. Operation of personal mobility devices, bicycle traffic logistics		CCM	41.554,72	0,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A*		
6.5. Transport with motorcycles, cars and light commercial vehicles		CCM	239.206,90	0,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A*		
3.18. Manufacture of automotive and mobility components		CCM	39.534.303,98	95,7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
3.21. Manufacture of aircraft		CCM	1.476.777,24	3,6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-conforming activities) (A.2)			41.291.842,84	100% 100,0%																
A. OpEx of taxonomy-eligible activities (A.1 + A.2)			41.291.842,84	100,0%																
B. NON-TAXONOMY-CONFORMING ACTIVITIES																				
Total non-taxonomy-eligible OpEx (B)			0,00	0%																
Total			41.291.842,84	100%																

Opex share / total opex		
Taxonomy conforming per target		Taxonomy eligible per target
CCM	-	100%
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

*A new calculation method was used to report these KPIs. As the complex process changeover took place during the year, it was not possible to calculate the comparative figures retrospectively up to the time of publication of the report.

GRI INDEX

DECLARATION OF APPLICATION

Pankl AG has reported the information specified in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

USED GRI: BASELINE 2021

GRI Standard	Notes	Pages in this report
GRI 2: General Disclosures 2021	2-1 Organisational details	6-10
	2-3 Reporting period, frequency and contact point	2, 85
	2-5 External assurance	85
	2-6 Activities, value chain and other business relationships	4, 7, 9
	2-7 Employees	48, 72
	2-9 Governance structure and composition	10
	2-10 Nomination and selection of the highest governance body	10
	2-11 Chair of the highest governance body	10
	2-23 Policy commitments	65, 77-78
	2-24 Embedding policy commitments	11, 65, 77-78
	2-27 Compliance with laws and regulations	11, 62, 77-78
	2-30 Collective bargaining agreements	73
GRI 3: Material Topics 2021	3-1 Process to determine material topics	14
	3-2 List of material topics	15
	3-3 Management of material topics	14-15
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	6
	201-2 Financial implications and other risks and opportunities due to climate change	22-23
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	8
	205-2 Communication and training about anti-corruption policies and procedures	11, 63, 66, 77
	205-3 Confirmed incidents of corruption and actions taken	78
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	63, 66
GRI 301: Materials 2016	301-1 Materials used by weight or volume	39, 70
	301-2 Recycled input materials used	47, 71
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	32-37
	302-4 Reduction of energy consumption	26, 37, 70
	302-5 Reduction in energy requirements of products and services	46, 70
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	25
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	29, 68-69
	305-2 Energy indirect (Scope 2) GHG emissions	29, 68-69
	305-3 Other indirect (Scope 3) GHG emissions	29, 68-69
	305-4 GHG emissions intensity	29
	305-5 Reduction of GHG emissions	29, 68-69
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	40-44
	306-3 Waste generated	44, 71
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	74
	401-3 Parental leave	74

GRI Standard	Angabe	Seiten in diesem Bericht
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	51-54
	403-2 Hazard identification, risk assessment, and incident investigation	51
	403-3 Occupational health services	52-54
	403-4 Worker participation, consultation, and communication on occupational health and safety	51-54
	403-5 Worker training on occupational health and safety	55-57
	403-6 Promotion of worker health	52-54
	403-9 Work-related injuries	75-76
	403-10 Work-related ill health	75-76
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	74
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	58-59, 72-73
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	78
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	73

ABOUT THIS REPORT

This report relates to the business activities of Pankl AG Group, headquartered in Kapfenberg, Styria, in the fiscal year 2023 per 31 December 2023.

The Pankl AG Sustainability Report 2023 was created based on the guidelines of the Global Reporting Initiative and is published annually. This report is the non-financial report of the Pankl AG Group in accordance with the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and in accordance with Section 267a of the Corporate Code. Further organisational details, details on corporate management and structure as well as the fiscal year 2023 can be found in the annual reports of the parent company Pierer Industrie AG and the subsidiaries Pankl Racing Systems AG and SHW AG, which are available on the respective homepages.

The 2023 report describes which results Pankl AG can demonstrate in the key aspects with regard to the environment, social issues and corporate management. The focus is on the topics that were defined as particularly important for the business activities and stakeholders of Pankl AG as part of the dual materiality analysis carried out in 2023.

This sustainability report was prepared on a voluntary basis and was not externally audited. The data presented in the report was collected at Group level and, analogous to the Company's annual financial statements, includes all fully consolidated companies, in particular Pankl Racing Systems AG and SHW AG. This framework applies to all material topics, unless the text of this sustainability report expressly states otherwise for a specific material topic. This report was prepared with the greatest possible care and the accuracy of the data was checked. However, it cannot be ruled out that calculation, typesetting or printing errors may occur.

This report is available in the German and English languages. In cases of doubt, the German version shall prevail.

PANKL AG

<https://pankl.com/en/>

PIERER INDUSTRIE AG

<https://www.piererindustrie.at/en/home/>

PANKL RACING SYSTEMS AG

<https://pankl.com/racing/en/>

SHW AG

<https://www.shw.de/en/home/>

CODE OF CONDUCT OF PANKL AG FOR BUSINESS PARTNERS

<https://pankl.com/en/code-of-conduct/>

SUSTAINABILITY REPORT OF PANKL AG

<https://pankl.com/en/sustainability/downloads/>

WHISTLEBLOWER SYSTEM

<https://pankl.integrityline.com/frontpage>

GLOBAL REPORTING INDEX

<https://www.globalreporting.org/>

CONVENTION OF THE INTERNATIONAL LABOUR ORGANISATION C138

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138

CONVENTION OF THE INTERNATIONAL LABOUR ORGANISATION C182

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182

PROVISIONS OF THE CORE LABOUR STANDARDS OF THE INTERNATIONAL LABOUR ORGANISATION

<https://www.ilo.org/berlin/arbeits-und-standards/kernarbeitsnormen/lang--de/index.htm>

