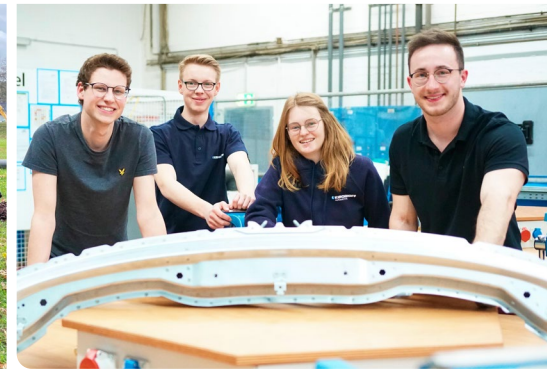


# Sustainability Report 2022

 WE.MOVE.FUTURE



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# Dear Ladies and Gentlemen,

In January 2022, we expected and hoped that various global crises would finally come to an end. The order situation was promising and we were looking forward to getting back on track, getting back to normal. However, everything turned out different. We had to continue to operate in crisis-mode.

Let's start from the beginning. With the invasion of Ukraine by the Russian military, we have faced a war in Europe with terrible consequences. Once again, I especially want to thank our KIRCHHOFF Automotive colleagues in Poland, Hungary, Romania and Germany for how much they have done to help the refugees from Ukraine. As a company, we have supported our Ukrainian neighbors by organizing material transports to Ukraine and securing bus trips for mostly women and children to Germany, among other things. At the same time, the war once again disrupted slowly recovering supply chains. This not only led to temporary production stoppages for some customers, but, to this day, the massive cost increases for energy and materials continue to burden us. The continuing lack of

semiconductors also meant that our customers were not able to build the planned number of vehicles in 2022. However, thanks to strong crisis management and the support of all employees, we can be satisfied with the results at the end of this year. Here, I would also like to thank our customers for their successful partnership and business relation.

Despite the crises, we have been further strengthening our commitment to sustainability in the course of 2022. This is also reflected in the changes we made to our risk management system. We have not only included the Environmental, Social, and Governance risk categories in our strategic level assessment, but also decided to address sustainability risks in our supply chain, allowing us to monitor the level of risk exposure among our suppliers. During an intensive multi-day strategy workshop with our Global Executive Team in May, we reviewed our roadmap to date and set important milestones for the implementation of new projects for more sustainable business. ▶



**WE.GO.GREEN.**

KIRCHHOFF Automotive pays special attention to reducing CO<sub>2</sub> emissions, both in our own business and in our supply chain. We define our climate-neutral targets in accordance with applicable legislation, and in close cooperation and alignment with our key customers. To achieve our goals, we need decisive contributions from the entire Group and from our supply chain partners. Therefore, we continuously improve our common day-to-day operations to meet them. Furthermore, KIRCHHOFF Automotive is proud to continue its membership in the Responsible Supply Chain Initiative (RSCI) e. V., which fosters automotive supply chains on their way to becoming more sustainable and responsible. In July, our plant in Mielec, Poland, participated in the pilot phase and passed the RSCI audit by receiving the appropriate label, which demonstrates that we are on the right track.

I am particularly pleased that our consistent approach to digitizing the company not only helps us manage and document our sustainability efforts, but also makes work easier for our employees in many areas. For example, thanks to the use of new augmented reality glasses, we were able to support our colleagues in China with operating new equipment, although

being physically apart. Thus, we successfully launched a highly complex product in Shenyang despite travel restrictions. In Germany, we received the E-Learning Award 2022 for our recently developed digital training courses for employees. To promote communication between our employees locally and worldwide, we further developed our successful employee App in 2022 and added a social media function. This now allows for inter-employee communication between the both shop floor and corporate employees at a plant and global level, while taking into account our strict data protection regulations. This would not be possible if using public social media platforms.

In this third edition of our sustainability report, you will find many other examples, figures, and graphs showing that despite these extraordinary times, we have continued to expand our activities on our way to becoming a more sustainable company.

Best regards and good luck,

J. Wolfgang Kirchhoff,  
CEO KIRCHHOFF Automotive

# Who We Are

KIRCHHOFF Automotive is the largest division of the KIRCHHOFF Group. The group of companies includes three other business units:

- WITTE Tools: manufactures premium screwdrivers and other tools in the sector
- KIRCHHOFF Ecotec: the leading supplier of waste disposal solutions and street cleaning technologies with its main brands such as FAUN, ZOELLER, HIDRO-MAK, Superior Pak, FARID, and Enginius.
- KIRCHHOFF Mobility: one of the leading providers of customized vehicle conversions that give people options for more mobility



Dr. Johannes F., J. Wolfgang and Arndt G. Kirchhoff (from left to right)

The KIRCHHOFF Group traces its roots back to the sewing needle factory opened by Stephan Witte in Iserlohn, Germany in 1785. 100 years later in 1894, Friedrich Kirchhoff opened the first pressing plant at the site and began manufacturing for the mobility sector. Initially producing for the railroad industry, they later segued into the emerging automotive industry. During the 1980s, KIRCHHOFF Automotive expanded its business in the area of parts production for passenger vehicles, and in 1994 entered the field of waste disposal and cleaning technology with the acquisition of FAUN. Since 2006, the mobility business unit has been part of the KIRCHHOFF Group. The former focus of Witte switched to the production of hand tools as early as 1950.

## Family Business

For four generations, the KIRCHHOFF Group has been entirely owned by the Kirchhoff family. Today, it is under the management of the three brothers Arndt G. Kirchhoff, Dr. Johannes F. Kirchhoff, and J. Wolfgang Kirchhoff. Sustainable development in the interest of future generations is at the heart of the Kirchhoff family's actions. This applies to the economic stability and innovative capacity of the companies, including the environmental and social commitment of all business units.



# About the Report

The KIRCHHOFF Automotive 2022 Sustainability Report provides a comprehensive overview of KIRCHHOFF Automotive's strategy, goals, and performance with regard to sustainability.

Some of the data in this report is also included in the KIRCHHOFF Automotive Annual Report and as such is subject to external audit. KIRCHHOFF Automotive has reported with reference to the GRI Standards for the period from January 1, 2022 to December 31, 2022.

## Our operating sites as of 31.12.2022:

### In Europe:

KIRCHHOFF Automotive Attendorn, Germany (2)  
 KIRCHHOFF Automotive Iserlohn, Germany  
 KIRCHHOFF Automotive Saarwellingen, Germany  
 KIRCHHOFF Automotive Mielec, Poland (2)  
 KIRCHHOFF Automotive Gliwice, Poland  
 KIRCHHOFF Automotive Gniezno, Poland  
 KIRCHHOFF Automotive Ovar, Portugal  
 KIRCHHOFF Automotive Cucujães, Portugal  
 KIRCHHOFF Automotive Figueruelas, Spain  
 KIRCHHOFF Automotive Letterkenny, Ireland  
 KIRCHHOFF Automotive Esztergom, Hungary  
 KIRCHHOFF Automotive Craiova, Romania  
 KIRCHHOFF Automotive Pitesti, Romania

The report analyzes the company's commitment to a range of sustainability matters, from economic and governance, to environmental and social sustainability. In doing so, it takes into account our most important markets, the requirements of our stakeholders, the current legal situation, and the structural needs of our company. It identifies our products and services, as well as the important ethical, social, environmental, and corporate policy aspects that influence our actions and environment.

### In North America:

KIRCHHOFF Automotive Aurora, Canada  
 KIRCHHOFF Automotive North York, Canada  
 KIRCHHOFF Automotive Atlanta, USA  
 KIRCHHOFF Automotive Dallas, USA  
 KIRCHHOFF Automotive Manchester, USA  
 KIRCHHOFF Automotive Lansing, USA  
 KIRCHHOFF Automotive Tecumseh, USA  
 KIRCHHOFF Automotive Waverly, USA  
 KIRCHHOFF Automotive Puebla, Mexico  
 KIRCHHOFF Automotive Querétaro, Mexico

### In Asia:

KIRCHHOFF Automotive Suzhou, China  
 KIRCHHOFF Automotive Shenyang, China

## Reporting period and scope

This report covers the period between January 1, 2022 and December 31, 2022. It relates to the business activities of all KIRCHHOFF Automotive GmbH companies, which is a company of the KIRCHHOFF Group with its registered office at Stefanstraße 2, D-58638 Iserlohn, Germany.

## Distinctions from companies mentioned in the annual report

In contrast to the annual report, we do not use the legal names of the KIRCHHOFF Automotive national companies in the Sustainability Report, but instead name the individual locations (see table – (2) stands for parallel parts production and tool-shops).

Operating as an independent business unit, KIRCHHOFF Mobility GmbH & Co. KG mentioned in the annual report, is not included in this report.

## Significant changes in the organization

Effective July 1, 2022, Ken Gibbons has resigned as CFO of KIRCHHOFF Automotive North America.

Alongside parts production, there are tool production facilities in Attendorn and in Mielec. They are identified by the index (2).



WE.MOVE.FUTURE



## General Information



# Worldwide



## 📍 27 Plants

- |                             |               |
|-----------------------------|---------------|
| 01 Letterkenny              | 14 Craiova    |
| 02 Cucujães                 | 15 Pitesti    |
| 03 Ovar                     | 16 Shenyang   |
| 04 Figueruelas              | 17 Suzhou     |
| 05 Saarwellingen            | 18 Puebla     |
| 06 Attendorn                | 19 Querétaro  |
| 07 Attendorn<br>(Tool-shop) | 20 Dallas     |
| 08 Iserlohn                 | 21 Atlanta    |
| 09 Gniezno                  | 22 Manchester |
| 10 Gliwice                  | 23 Waverly    |
| 11 Mielec                   | 24 Tecumseh   |
| 12 Mielec<br>(Tool-shop)    | 25 Lansing    |
| 13 Esztergom                | 26 Aurora     |
|                             | 27 North York |

## 📍 9 Sales Offices

- |             |                   |
|-------------|-------------------|
| 01 Chartres | 06 Wolfsburg      |
| 02 Seoul    | 07 München        |
| 03 Kobe     | 08 Mladá Boleslav |
| 04 Dongguan | 09 Böblingen      |
| 05 Troy     |                   |

## 👥 8 300 Employees



# Mission

KIRCHHOFF Automotive is a global leader in the development and supply of best-in-class structures for vehicle bodies and chassis. We offer body solutions that make tomorrow's mobility safe.

As a supplier to the automotive industry, we develop and produce complex metal and hybrid structures for body-in-white and chassis that are lightweight, economical and crash-proof. The vehicles of the future – from electric to autonomous – also need bodies that ensure the greatest possible safety for all those involved in an accident, in the event of an emergency.

At the same time, KIRCHHOFF Automotive components contribute to climate responsibility and environmental protection, because they reduce the weight – and thus the fuel/energy consumption of vehicles.

## Our Core Competencies

As a global player, we offer our customers in Europe, Asia and North America comprehensive know-how in the areas of economical lightweight construction and crash performance. With the advanced technology of partial press hardening, KIRCHHOFF Automotive is able to produce steel products with different strength ranges and thus weight- and crash-optimized body components.

Today, many automotive manufacturers have complex structural parts for the body-in-white in hybrid design – combinations of steel-aluminum or metal-plastic – developed by us and manufactured worldwide. A global production network with core competencies in forming, joining, lightweighting and surface treatment ensures uniform manufacturing and production standards.



# Our Products and Customers

With almost 8 300 employees and 27 plants in eleven countries, KIRCHHOFF Automotive ensures optimum customer proximity. We assemble most of our products into a wide variety of components at just-in-time plants near our customers' locations.

Our products in the passenger car sector include bumpers, cross members and engine bearers, battery housings for e-mobility, and other structural parts. For commercial vehicles, we develop and manufacture, among other things, cross members, axle housings, and underride protection. Our main materials are steels with thicknesses between 0,6 and 12 millimeters and tensile strength of up to 2 000 megapascals, as well as aluminum.

## Our Customers

KIRCHHOFF Automotive's customer base is diversified so that we can compensate for fluctuations in the automotive markets. Our partners include all major automotive manufacturers worldwide.

With our experience, wide product portfolio, and large network of locations, we meet the requirements of our global customers. We support them at all stages of the product lifecycle: from research and development to materials procurement and production, quality assurance, and delivery.

**25%**

of passenger cars and light commercial vehicles produced worldwide in 2022 contained at least one component from KIRCHHOFF Automotive

In North America it was

**57%**

In Europe

**60%**

And in Germany

**91%**



# Our Supply Chain

KIRCHHOFF Automotive buyers in Europe, North America, and Asia are always on the lookout for the most efficient suppliers, service providers, and development partners who can best meet customers' requirements. Crucial to joint success are reliable, available, high-quality goods and services at competitive prices.

To make optimum use of synergies and economies of scale, we have divided our supply chain into four material areas:

- Raw materials: steel and aluminum producers, service centers
- Purchased parts: tubes, screws, nuts, bolts, plastic parts
- Capital goods: presses, welding and assembly equipment, tools and tooling components
- Indirect goods: electricity, gas, auxiliary and operating materials, services

## Requirements for Suppliers

KIRCHHOFF Automotive suppliers must comply with various international and company standards and guidelines.

These include:

- Quality management according to ISO 9001 and respectively IATF 16949
- Environmental management according to ISO 14001:2015
- Innovative technologies and processes
- Consistent implementation of the zero-defect principle
- Competitive benefit-cost ratio
- Supply security and adherence to delivery dates
- Disposition for product and process optimization
- High standard of service
- Acceptance of our purchasing and basic conditions
- Acceptance of the KIRCHHOFF Automotive Code of Conduct's "Supplier Supplement"

This approach ensures responsible business practices for the company and that we do not work with organizations or partners that disregard these standards.



# Our Employees

Committed and well-trained employees are the most important success factor of KIRCHHOFF Automotive. We offer employees internal career and development opportunities so that every employee can make the most of their potential. Together, our employees on three continents bring the company's vision to life: WE.MOVE.FUTURE.

As of the end of 2022, KIRCHHOFF Automotive employed 8 300 people. More than 90% had a permanent, full-time employment contract. The available data was collected at the local levels for the 2022 financial year and then consolidated. In all regions, the majority of our employees work full-time. As an organization, we support part-time employment to allow employees to manage family- and personal-related duties as well.

## Our Approach to Equality

The diversity of our staff drives innovation and enriches our organization. Workforce diversity and equal opportunities

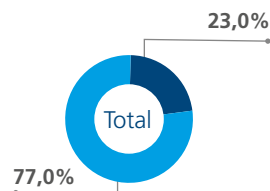
regardless of age, gender, gender identity, sexual orientation, origin, religion, and lifestyle, are central components of sustainable development at KIRCHHOFF Automotive. This includes equal opportunities and advancement for women. To exclude any form of discrimination within our company, all employees during onboarding are trained on the commitments and principles of KIRCHHOFF Automotive's Code of Conduct, where we emphasize topics of discrimination, harassment and disrespectful behaviors.

As part of our global talent management strategy, we promote women and men equally. As a company that is primarily characterized by technical job profiles, we take into account both industry-specific factors and the current proportion of women in the workforce when setting our targets for the advancement of women.

KIRCHHOFF Automotive would like to at least maintain current proportion and, at best, increase it. To achieve this, for example, we pay attention to a high proportion of women internships and working-student contracts.

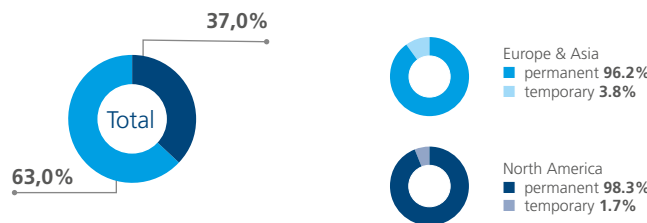


**Employees**  
by gender



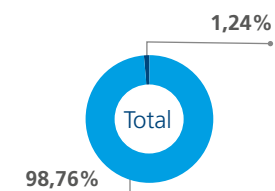
■ male ■ female

**Employees**  
by region and employment relationship



■ Europe & Asia ■ North America

**Employees**  
by working hours



■ Full-time ■ Part-time

# Governance

KIRCHHOFF Automotive is committed to taking responsibility in all areas, following the law and acting ethically. The KIRCHHOFF Automotive values give us a clear direction and form the basis of our daily actions. Our values affirm our responsibility for the sustainable development of our society, the preservation of the environment and biodiversity for future generations.

## Two-tier board system

The top management body of KIRCHHOFF Automotive is based on a two-tier board system consisting of the board of KIRCHHOFF Automotive Holding and the board of KIRCHHOFF Automotive GmbH. On the one hand, KIRCHHOFF Automotive Holding represents the shareholders and, on the other hand, comprises the functions of the CEO, J. Wolfgang Kirchhoff, and the CFO, Claudius Bensberg, for the entire Group. The remaining senior operational functions are located in KIRCHHOFF Automotive GmbH. Although divided between two legal entities, these functions are to be regarded as a single management system of KIRCHHOFF Automotive.

The Management Board of KIRCHHOFF Automotive GmbH defines the strategy for the company and manages the company as a whole. Its responsibilities are defined in the management organization chart. The members of the Management Board are appointed by KIRCHHOFF Automotive Holding for a specific period of time, usually for less than but no longer than five years. In 2022, the Management Board of

KIRCHHOFF Automotive GmbH consisted of Stefan Leitzgen, Hagen Reck and Dr. Thorsten Gaitzsch.

The Management Board of KIRCHHOFF Automotive Holding appoints, monitors and advises the management of KIRCHHOFF Automotive GmbH. According to the management regulations, the management of KIRCHHOFF Automotive GmbH must obtain the prior approval of KIRCHHOFF Automotive Holding for important management decisions.

The involvement of shareholders in the highest management body prevents conflicts of interest among its members and ensures that the company remains independent and capable of acting at all times.

## Clear responsibilities for sustainability matters

Compliance is an integral part of our culture and the basis of successful and strong corporate governance. The Executive Board of KIRCHHOFF Automotive and all employees are committed to acting responsibly and in compliance with the law. We also expect such conduct from our business partners along the entire supply chain. These expectations are laid down in the KIRCHHOFF Automotive Code of Conduct.

The CEO has authority and responsibility for the company's governance principles and oversees Governance, Risk and Compliance (GRC) at the highest governance level. To fulfill this comprehensive role, the CEO has delegated its execution within the KIRCHHOFF Automotive organization by

creating a GRC function staffed with employees specifically assigned to these tasks. The GRC function has been headed by Janusz Sobon, the Global Executive Vice President of GRC, since 2020.

For the company, adherence to the principles of sustainable development is an essential component of corporate compliance. To ensure the sustainable development of the company, and to fulfill its obligations with regard to environmental and social sustainability and the Code of Conduct, the company's highest governance body has assigned corresponding responsibilities to its members. Chief Operating Officer Stefan Leitzgen is responsible for environmental sustainability, Chief Financial Officer Hagen Reck for social sustainability, and Janusz Sobon for compliance/business ethics.

At KIRCHHOFF Automotive, the development and implementation of sustainability is supported by the Compliance Committee chaired by CEO J. Wolfgang Kirchhoff. The CEO and CFO of KIRCHHOFF Automotive Holding, all members of the management of KIRCHHOFF Automotive GmbH, and the heads of the global GRC and HR functions are represented on this committee.

The Compliance Committee monitors and steers the strategic direction with regard to sustainability issues, while targets and management review for all sustainability-related topics are the responsibility of the respective members of KIRCHHOFF Automotive's management.

**Shareholders / Managing Directors of KIRCHHOFF Automotive Holding**



**Arndt G. Kirchhoff**

Chairman of the KIRCHHOFF Group advisory board



**J. Wolfgang Kirchhoff**

Managing Partner KIRCHHOFF Group, CEO KIRCHHOFF Automotive



**Dr. Johannes F. Kirchhoff**

Managing Partner KIRCHHOFF Group, CEO KIRCHHOFF Ecotec



**Claudius Bensberg**

CFO KIRCHHOFF Group

**Board of Managing Directors of KIRCHHOFF Automotive GmbH**



**Stefan Leitzgen**

Global Chief Operating Officer KIRCHHOFF Automotive



**Hagen Reck**

Global Chief Financial Officer KIRCHHOFF Automotive



**Dr. Thorsten Gaitzsch**

Global Chief Technology Officer KIRCHHOFF Automotive

# Risk Management

KIRCHHOFF Automotive's risk management system is used for strategy development and planning, implementation, control, and continuous improvement processes in its corporate departments and operational facilities. It increases our awareness of our impact on customers, employees, suppliers, business partners, local communities, and the environment. It also ensures that we can manufacture and provide all products and services properly.

Our strategic risk management covers numerous risks at company level. These include:

- Fluctuations in markets and volumes
- Compliance risks
- Global economic and political risks
- Financial risks, such as availability of funds, interest rate levels, and exchange rates
- Availability and prices of raw materials, other goods and services
- Risks regarding technical development and production technology
- Cybersecurity

In response to the increasing importance of sustainability matters in our operations, we have also revised the catalog of strategic risks to include environmental, social, and governance risks, i.a. decarbonization, human rights, and working conditions topics.

Additionally, the system provides all plants with a common framework, terminology, tools, and methods to identify, assess, and address risks in a consistent manner. The risk scenarios at plant level fall into three categories:

- Risks from natural disasters such as earthquakes, floods, or pandemics
- Plant risks, such as the failure of key machinery, power, or personnel
- Risks to the continuation of business operations, including but not limited to damage of tools, fire, staff strikes, cyber attacks, or interruption to material supplies

As a result of regular risk assessments, we have identified a large number of key points and checked for their effectiveness. Preventive maintenance, spare parts management, and contingency planning are among the most important risk mitigation factors.

Responsibility for strategic risk management lies with the heads of the global services, while responsibility for the management of corporate risks lies with the heads of the operating units. KIRCHHOFF Automotive's risk committee monitors and supervises the company's risk management system.



# Vision and Values

As a family-run company, our Vision and Values are particularly important to KIRCHHOFF Automotive. For generations, living shared values has formed the basis for trusting cooperation and entrepreneurial success. First and foremost, this includes the company's commitment to its employees - but also to the society in which we do business. In 2015, the owners of KIRCHHOFF Automotive defined the company's Vision and Values, and communicated them to all employees and business partners. To this end, we have translated the Vision and Values into eight languages, and established training on them as a mandatory part of the onboarding process for new employees.

Vision and Values are the foundation and framework for the sustainability of our actions. They create unity, set common goals, and underline our claim: in everything we do, we want to be among the best.

## Our Vision

- KIRCHHOFF Automotive is a global leader in the development and supply of best-in-class structures for vehicle bodies and chassis
- The company generates sustainable and profitable growth to remain financially independent and family owned.
- KIRCHHOFF Automotive is guided by the performance principle and stands for the highest level of customer service
- The company qualifies its employees and actively promotes their health and satisfaction

## Our Values

Values commit us to sustainable actions for the company, nature and society:

- Honesty and reliability
- Trust and respect
- Social, environmental, and cultural responsibility

We assume responsibility as a sponsor of charitable projects and in the education and training of people. To preserve nature and biodiversity, we protect the environment by using resources sparingly and observing strict environmental standards.





# Memberships

KIRCHHOFF Automotive and the Kirchhoff family are involved worldwide in initiatives, organizations, and associations that support business, the environment, and society. These

memberships are valuable for the exchange of experience and knowledge, and help ensure the sustainable development of the company.

## Selected memberships

Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA)	Europäische Forschungsgesellschaft für Blechverarbeitung (EFB)	Silesia Automotive & Advanced Manufacturing Cluster (SA&AM)	Ost-Ausschuss der Deutschen Wirtschaft (OA e. V.)
American Society of Employers (ASE)	Associação dos Industriais Metalúrgicos, Metalomecânicos e Afins de Portugal (AIMMAP)	East Automotive Alliance (EAA)	Deutsch-Polnische Gesellschaft (DPG)
Bundesverband der Deutschen Industrie (BDI)	Deutscher Verband für Schweißen und verwandte Verfahren (DVS)	Polska Izba Motoryzacji (PIM)	Atlantik-Brücke
Verband der Automobilindustrie (VDA)	Bundesverband Materialwirtschaft, Einkauf und Logistik (BME)	Associação de Fabricantes para a Indústria Automóvel (AFIA)	UN Global Compact
Forschungsvereinigung Automobiltechnik (FAT)	Fraunhofer Center for International Management and Knowledge Economy (Fraunhofer IWM)	Association of the Hungarian Automotive Industry (AHAI)	Value Balancing Alliance (VBA)
Wirtschaftsverband Stahl- und Metallverarbeitung (WSM)	Automotive Center Südwestfalen (acs)	Asociatia Constructorilor de Automobile din Romania (ACAROM)	Responsible Supply Chain Initiative (RSCI)
Industrieverband Blechumformung (IBU)	RWTH Aachen	American Chamber of Commerce in Germany (AmCham)	Drive+ platform by the CSR Europe
Precision Metalforming Association (PMA)	MEMA. The Vehicle Suppliers Association	AHK/IHK Chambers of Commerce and Industry in Germany, Portugal, Poland, Hungary, Romania, Mexico, Ireland, Spain and India	

# Sustainability Initiatives

## Responsible Supply Chain Initiative

KIRCHHOFF Automotive was one of the co-founders of the “Responsible Supply Chain Initiative RSCI e. V.” which has been operating since October 2021. The association brings together car manufacturers and major suppliers as well as the German Verband der Automobilindustrie (VDA). We can proudly confirm that we are continuously involved in this initiative together with car manufacturers as well as other suppliers. We are also pleased to inform that one of our KIRCHHOFF Automotive colleagues has undergone dedicated training and obtained the competence of an RSCI protocol auditor. [More about the RSCI.](#)

## Pilot phase for RSCI audits

In June 2022, our plant in Mielec took part in the RSCI audit pilot phase and was assessed by third-party auditors for compliance with the RSCI requirements protocol. The result of the audit was positive, which was confirmed with an adequate label.

## Drive+

Since September 2021, KIRCHHOFF Automotive has been a member of Drive+, a platform for the automotive supply chain supported by CSR Europe. This business network for co-working on corporate sustainability and responsibility is

aimed primarily at suppliers and supplier associations. Drive+ acts in response to the challenge of implementing sustainable and responsible supply chains in the automotive industry. Through the platform, all stakeholders work together to meet sustainability requirements, and develop and adopt key due diligence tools. The Drive+ partners are also in dialogue with

the automotive partnership initiative Drive Sustainability. In the reporting period, KIRCHHOFF Automotive representatives regularly took part in Drive+ events where they could gain knowledge and share experience with other members. [More about Drive+.](#)



Christian Arens from KIRCHHOFF Automotive (3rd from left) with the representatives of the other RSCI founding members.

# Stakeholder Communication

For sustainable business success, KIRCHHOFF Automotive relies on an open and trusting exchange of information with various stakeholders. The following includes our stakeholders and the main channels through which we communicate with them:

Stakeholders	Selected communication channels
<b>Owners</b>	Global and site management meetings, committees, management reports
<b>Clients</b>	Key account management, conversations, audits, workshops, seminars, congresses, trade fair dates, K>MOBIL magazine, sustainability report
<b>Employees</b>	One-on-one conversations, shop floor meetings, workshops, family events, trade union dialogue, website, intranet, company app, live streams, information screens in factories, K>News
<b>Suppliers and business partners</b>	Conversations, electronic procurement platform, audits, workshops, seminars, "Supplier of the Year" competition, website, K>MOBIL magazine, sustainability report, press releases
<b>Governments and administrations</b>	Conversations, seminars, congresses, dialogue on legislation, website, K>MOBIL magazine, sustainability report, press releases
<b>Civil society and associations</b>	Bilateral and one-to-one conversations, workshops, career fairs, open days, events, sponsoring, press conferences and press releases, website, K>MOBIL magazine, sustainability report
<b>Financiers</b>	Conversations, workshops, seminars and congresses, trade fairs, K>MOBIL magazine, annual report, sustainability report
<b>Media and opinion leaders</b>	Conversations, trade fairs, press conferences and press releases, interviews, website, K>MOBIL magazine, sustainability report

# Economic Performance

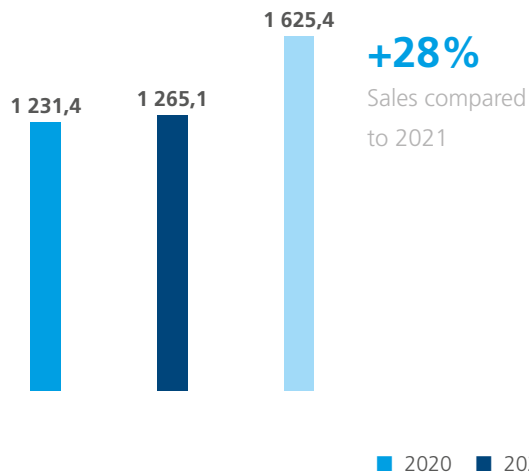
The supply chain problems triggered by the COVID-19 pandemic continued in 2022 and led to a significant increase in raw material prices at the beginning of the year. The zero COVID-19 policy in China with consistent lock-downs further burdened the situation. The start of the Russian war of aggression in Ukraine in February 2022 caused additional supply chain disruptions. The high price level for raw materials increased significantly due to the uncertainties of the war. The international sanctions against Russia led to massive price increases on the European energy markets and caused inflation to rise further. Nevertheless, many economies performed surprisingly

well in the second half of the year. In many cases, this was due to national stimulus programs and domestic growth impetus. Despite the more difficult starting conditions, KIRCHHOFF Automotive managed to increase sales revenues compared to the previous year.

In the reporting period, KIRCHHOFF Automotive continued investing; new technologies and facilities are expanding capacities and increasing the competitiveness of our locations worldwide.

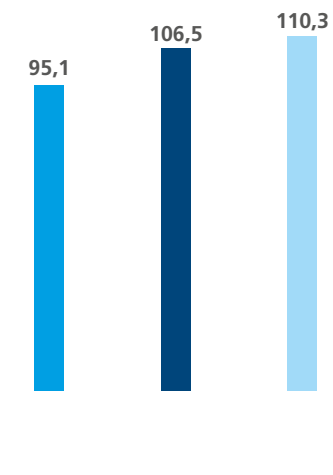
## Sales

in mln EUR



## Investments

in mln EUR



# Innovations

Today and in the future, the focus of body development will hone in on cost-effective, holistic, and systemic lightweight design in order to make concept vehicles safe. Thus, KIRCHHOFF Automotive also focuses on the continuous development and constant optimization of safety-relevant components.

In 2022 alone, KIRCHHOFF Automotive was able to win almost 38% of the orders in Europe and Asia for products that will later be installed in battery-electric or hybrid vehicles. This is because the issue of safety plays the same important role in electric vehicles as it does in combustion vehicles. Due to the different vehicle structure, crash components developed by KIRCHHOFF Automotive, such as bumpers or front-end modules, have a different design but are also used in electric vehicles.

Two examples of the research and development projects of KIRCHHOFF Automotive (which have been further developed into innovative products):

## Two years of research on “Gen-3” pay off

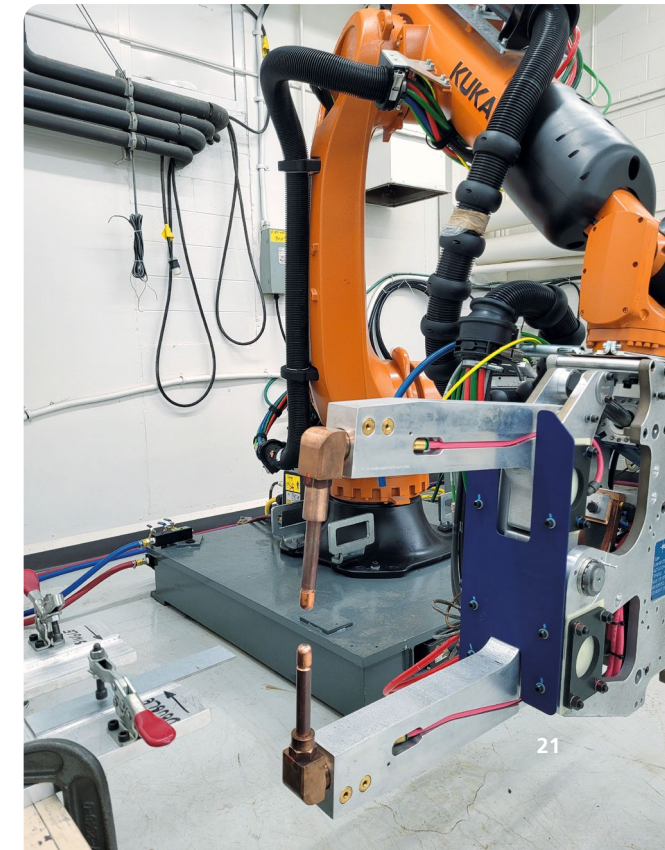
“Gen-3” is a new steel grade that has extremely high strength properties and excellent specific energy absorption due to microstructure changes during crash events. Depending on the application, it saves weight compared to the current industry standard of dual-phase (DP) steels. Compared to hot-formed parts, it can reduce the cost of manufacturing processes as well as CO<sub>2</sub> emissions.

The use of Gen-3 steel is an excellent opportunity for KIRCHHOFF Automotive’s North American plants to enter the high-strength body-in-white (BIW) market.

At the technical level, development partnerships with OEMs have already been established and some important development projects completed. Now the two years of intensive research and development work are paying off: KIRCHHOFF Automotive has won its first order for a Gen 3 product. We see great potential for the North American automotive industry in the high formability and ductility of Gen-3 steel. The North American KIRCHHOFF Automotive plants already have a very good partnership with three steel suppliers who are actively working on the development of Gen-3 steel.

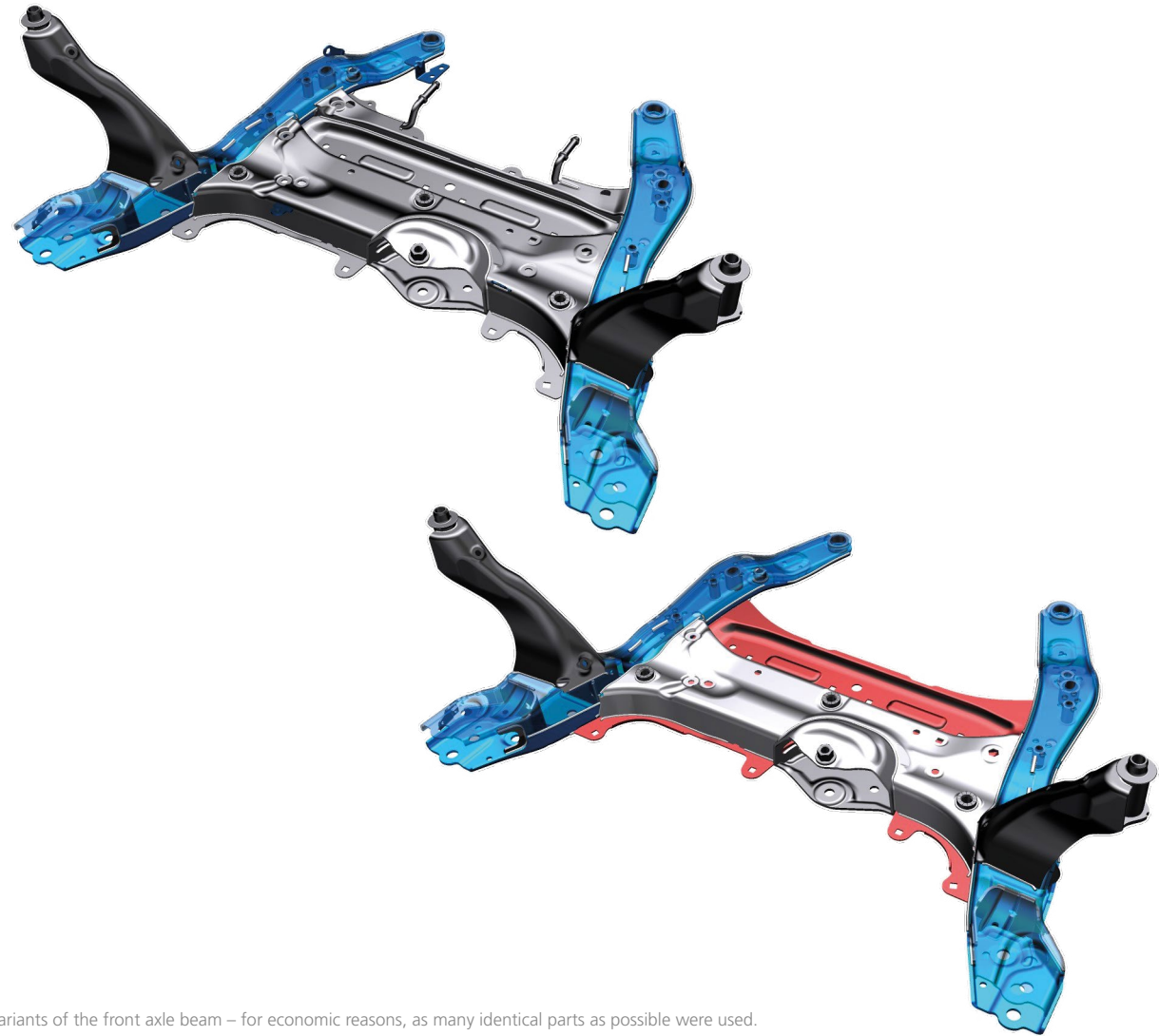


Demonstration run with Gen-3 steel at the KIRCHHOFF Automotive plant in Aurora, Canada.



### Variance and economy: new front axle beam

The front axle beam is a complex chassis component for the further development of the front-wheel drive architecture platform of one of our customers. KIRCHHOFF Automotive started the development in 2016, and with a convincing concept we were able to win the order. The challenge in the development of the front axle for various vehicles of this particular platform is the wide range of variants for classic combustion engines, battery electric vehicles and plug-in hybrids. This means that the axle carrier has been adapted for each type of drive. Despite this high complexity, the primary objective of this development project is to create economical variants of the front axle beam. To this end, KIRCHHOFF Automotive has used as many identical parts as possible. Another challenge is the requirements for the new legal crash load cases and the increased loads defined by this client. This requires special solutions to reconcile the maximum permissible weight with crash safety. With clever design and local reinforcements, we were able to meet all requirements in the simulation, physical component tests and all other tests in the complete vehicle.



Two variants of the front axle beam – for economic reasons, as many identical parts as possible were used.



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# Ethical Business

# Code of Conduct

The KIRCHHOFF Automotive Code of Conduct is based on our Vision and Values. It makes our management systems fit the growing demands presented to us, our customers, and society, with regard to sustainability and corporate social responsibility. This is a standard that we ourselves, our customers, and society place.

The aim of the KIRCHHOFF Automotive Code of Conduct is to promote environmental responsibility, fair and healthy working conditions, and ethical and sound business relationships throughout the KIRCHHOFF Automotive organization.

## Our Commitments

- We comply with labor laws and respect human rights
- Integrity is the foundation of our actions
- Our company's data and information management is clear and transparent
- Nature and biodiversity are important to us and future generations to come
- We ensure that employees have access to open and respectful communication

We have translated the Code of Conduct into eight languages for our employees, and displayed the five commitments on posters in local languages at all our sites.

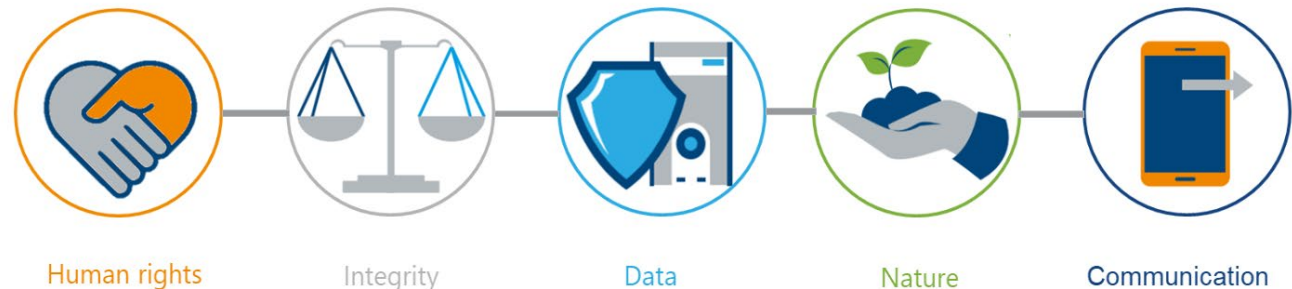
The complete [Code of Conduct](#) is also available on the KIRCHHOFF Automotive website.

Our employees are the heart of KIRCHHOFF Automotive. By familiarizing them with the rules of the Code of Conduct, we ensure the sustainable development of the company and jobs. Our worldwide production and administration employees have undergone appropriate training. We have also made this a compulsory part of the onboarding process, so that new employees are trained on an ongoing basis.

In order to continuously expand our corporate social responsibility, management regularly reviews new projects and puts them into effect. This includes measures for occupational health and safety and ethical business practices, as well as concepts for even more social commitment at our locations. We have also developed guidelines for risk management, combatting corruption, and dealing with whistleblowing, ultimately creating a set of rules that brings our vision and values to life.

## Principles and Commitments

KA Code of Conduct Principles and Commitments refer to:



Content of the e-learning on KA Code of Conduct.



# Compliance

KIRCHHOFF Automotive is committed to always act responsibly and ethically in its business operations. Being active worldwide requires compliance with all applicable laws of many different countries and international regulations. For our company, compliance is of paramount importance. That is why the compliance function has been established at KIRCHHOFF Automotive, and our Governance Risk Compliance team, which supports us in the daily challenges, is constantly developing our compliance management system.

We understand that due diligence is a key element, therefore we pay great attention to it. All relevant laws and regulations must be known to an organization, understood appropriately, and communicated to all affected stakeholders. As a result, responsibilities often need to be defined, and policies, systems, and/or processes need to be introduced or improved. Depending on the need, tailor-made trainings for the employees concerned at KIRCHHOFF Automotive have been implemented. This contributes to our compliance goal.

## Compliance risk assessment

Our compliance risks are defined as the failure to act in accordance with KIRCHHOFF Automotive's Vision and Values, our Code of Conduct, and related laws, policies and standards relevant to our company's business operations, products, and services, which could result i.a. in the loss of a contract or customer, reputational damage, legal sanctions, and/or financial loss.

In the reporting period, KIRCHHOFF Automotive carried out its annual compliance risk assessment on two levels: in the

operating sites and at the corporate level. Managements from all business units and corporate departments participated in the risk assessment. Two additional areas at the strategic level – H&S and environment – were examined compared to last year, allowing us to better identify sustainability risks and to mitigate possible non-compliance issues. The survey included the following scenarios:

- Corruption (S1)
- Conflicts of interest (S2)
- Fraud (S3)
- Fair Competition/Anti-Trust Laws and Regulations (S4)
- Intellectual Property Rights and Confidentiality of Information (S5)
- Whistleblowing (S6)
- Human Rights (S7)
- Labor Standards (S8)
- Accounting Standards and Tax Laws (S9)
- Health & Safety Regulations (S10)
- Environment-related Laws and Regulations (S11)

We have classified the individual risks in a KIRCHHOFF Automotive risk matrix, divided into operating sites and corporate level (see diagrams: S1–11 stand for the listed scenarios). The slight evaluation changes with respect to last year's assessment are mainly due to the changing legal and business environment. As none of the compliance risks were considered to be significant, the results of the survey presented a positive picture of the compliance status in KIRCHHOFF Automotive. Nevertheless, proposals for additional mitigation measures have been introduced for all risk scenarios.

## Corporate level

		Probability			
		Unlikely	Low	Likely	High
Impact	Extreme				
	Major	S4			
	Moderate	S2 S3 S6 S7 S8 S10	S1 S5 S9 S11		
	Minor				

## Operating level

		Probability			
		Unlikely	Low	Likely	High
Impact	Extreme				
	Major				
	Moderate	S4 S5 S9	S10		
	Minor	S1 S2 S3 S6 S7 S8 S11			

# Whistleblowing

At KIRCHHOFF Automotive we understand that there is no effective compliance management system without having a whistleblowing process established. It is a safeguard mechanism for compliance with the applicable laws and commitments adopted in our Code of Conduct and related policies.

The whistleblowing process deployed at KIRCHHOFF Automotive is based on legal and industry requirements. Our [Whistleblowing Policy](#) has been communicated to the employees in their local languages to enable its better understanding. It is also available on our website for external stakeholders. The policy is intended to foster a corporate culture by making our employees feel comfortable to share their concerns. The whistleblowers can raise issues regarding any non-compliance in regards to human rights, safety and labor standards, environmental protection, as well as any illegal or unethical behavior. To implement the policy, we developed detailed guidelines describing our whistleblowing process that have been deployed in all eleven countries where we operate. At the corporate level, we introduced the role of Global Compliance Expert, while locally, Compliance Delegates were appointed so that employees can discuss their concerns in a local language.

The delegates are responsible for ensuring that the reported issues are addressed properly in the organization.

## The whistleblowing communication channels

Potential allegations of non-compliance can be reported by the employees via dedicated secure communication channels. All information gathered in the course of the process is kept confidential. We protect the identity of the whistleblowers and ensure that there is no retaliation. [The KIRCHHOFF Automotive whistleblowing system](#) is also accessible to external parties. The third parties can contact our Global Compliance Expert or an external lawyer, the Business Ethics Ombudsman. The Ombudsman supports the whistleblowers and guarantees their anonymity.

KIRCHHOFF Automotive provides broad communication on whistleblowing. The posters and subject-related documents are published at all locations in all national languages. Information on whistleblowing is also provided on our intranet and on the external KIRCHHOFF Automotive webpage. Furthermore, KIRCHHOFF Automotive developed a separate e-learning module on whistleblowing that was dedicated to the managers.



# Anti-Corruption and Conflicts of Interest

KIRCHHOFF Automotive is strongly committed to operating in accordance with responsible and ethical business principles and complying with all applicable anti-corruption regulations. We are aware corruption undermines the foundations of business, destroys competition and damages the growth and development of companies. Therefore, KIRCHHOFF Automotive rejects corruption in all its forms. Acting globally, our employees may be exposed to different types of behavior in their daily business activities, which may pose a potential risk of corruption incident. KIRCHHOFF Automotive has taken various measures to prevent such violations of the anti-corruption law.

Expanding the principle of not tolerating corruption included in our Code of Conduct, [the Anti-corruption Policy](#) has been adopted. It has been communicated to KIRCHHOFF Automotive employees at all locations. The Anti-corruption Policy is also accessible for our business partners on the KIRCHHOFF Automotive website. In addition, the guidelines on dealing with customers and other stakeholders were developed to enable a better understanding of the topic. These guidelines were translated into all the national languages of our locations, and were made available to the employees.

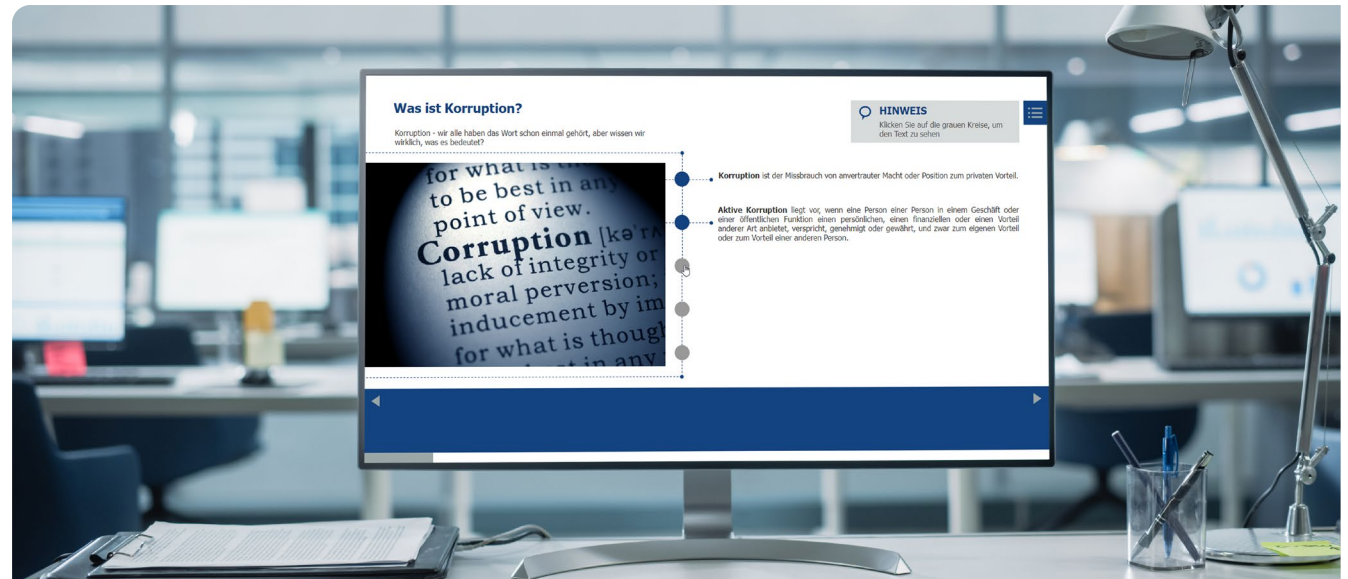
Another aspect of corruption prevention is the ethical handling of conflicts of interest. KIRCHHOFF Automotive has issued a set of rules to be followed in the event that such conflicts occur in the company.

## E-learning on anti-corruption

Implemented guidelines for anti-corruption and conflicts of interest were used as a basis for tailor-made e-learning developed in eight languages. The training includes practical information on both these topics, explanations of the company's principles and instructions on how to proceed if faced with possible cases of corruption or conflicts of interest. The e-learning was conducted in late 2021 and early 2022. It was addressed to more than 2 600 employees.

## Corruption Risk Assessment

In the reporting period, 100% of KIRCHHOFF Automotive sites conducted assessments of their corruption risks. Additionally, this risk was also evaluated on the corporate level. Although the risk was generally assessed as low, a few improvements in the area of risk controls have been suggested. Respondents recommended further strengthening the communication with the employees and developing supplemental advanced training on anti-corruption dedicated to the high-risk groups. In 2022, KIRCHHOFF Automotive has not been involved in any legal proceedings regarding corruption.



Content of the e-learning on anti-corruption.

# Confidentiality, Data Protection & Cybersecurity

Protection of confidential information is one of the principles adopted by the KIRCHHOFF Automotive management and is expressed in our Code of Conduct. All our employees are required to obey this principle and protect confidential information in whatever form (documents, digital data, knowledge). There is a strong awareness of this within the company. In order to protect information effectively, KIRCHHOFF Automotive has been continuously developing its Information Security Management System (ISMS). Information security encompasses all processes and tools used by a company to protect sensitive employees' and business data from unauthorized disruption, modification, destruction, and inspection.

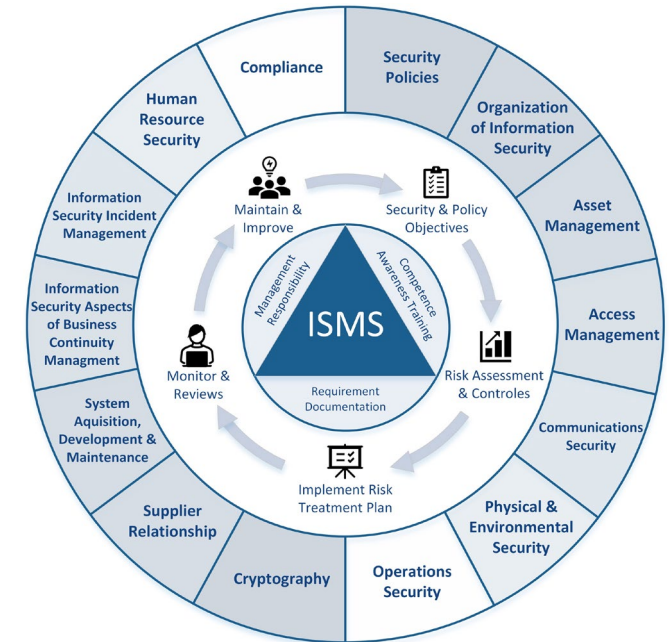
## Further training

Training employees on the topic of cybersecurity is an important component of the ISMS. In the reporting period, 90% of our employees in Asia, Europe and North America who use a company email address participated in phishing awareness training. Our goal is to reach 100% in early 2023 and regularly renew courses in consecutive years. In addition, KIRCHHOFF Automotive continuously simulates global phishing attacks on the company in order to train employees on the correct ways to react.

Our aspiration for constant improvement in information security is also expressed by certifications. By the end of 2022, a total of nine of our sites had been audited and certified according to TISAX (Trusted Information Security Assessment Exchange), a standard established by the German Association of the Automotive Industry. TISAX aims to preserve confidentiality, integrity, and availability of information in a wide form, especially with focus on the secure processing of business partners' information and the protection of prototypes. In the coming years, we are driven to certify more locations accordingly.

## Cybersecurity

With the global increase in threats of cyberattacks and malware, KIRCHHOFF Automotive commenced a more intensive journey to take preventive measures against cyber risks and IT system failures in 2020. Besides prevention, we invest in continuity by developing and implementing recovery and business continuity plans. To keep the same high standards worldwide, we started the process of prevention controls standardization across the company. Our system is constantly being enhanced regarding security procedures as well as implementing additional security measures. A holistic approach when building the ISMS system always directs us. Therefore, prevention is as important to us as developing corrective controls.



Graphical diagram on how we manage ISMS requirements.

# Procurement Practices

## Sustainability requirements for suppliers

KIRCHHOFF Automotive is committed to responsible procurement. Our suppliers are obliged to comply with applicable laws, especially with regard to corruption, money laundering, minimum wages, and antitrust and competition law. Our supplier management ensures that the high standards of KIRCHHOFF Automotive with regard to labor and human rights, corporate ethics, and the environment are respected in our supply chain. To this end, all suppliers and their subcontractors must comply with our Code of Conduct and the "Supplier Supplement".

Environmental protection is becoming increasingly important in the automotive industry, and we have also taken additional measures. This is because ecological progress can only succeed if all those involved in the supply chain join in. Therefore, we have tightened up existing environmental requirements and communicated them to our suppliers – in an "Environmental Supplement" to our Code of Conduct. Since then, our suppliers have had to anchor the following aspects strategically and operationally in their companies:

- Sustainable resource management and avoidance of waste
- Reduction of greenhouse gas emissions
- Expansion of energy efficiency and the share of renewable energies
- Improvement of air and water quality
- Reduction of water consumption
- Responsible handling of chemicals

## Supplier diversity

We have set ourselves the goal of strengthening small businesses run by women, ethnic minorities, or members of vulnerable groups. In North America, we ensure this diversity in the supply chain through our "Supplier Diversity Program". It stipulates that KIRCHHOFF Automotive North America must obtain at least 5% of its products and services from M/WBE suppliers (Minority and Women-owned Business Enterprises). We have

exceeded this target every year since 2019. In 2022, the share was around 6,2%. We are involved in organizations that bring us into contact with such companies, such as the US Small Business Administration (SBA), the National Minority Supplier Development Council (NMSDC), and the Canadian Aboriginal and Minority Supplier Development Council (CAMSDC). We also encourage our other suppliers to work with M/WBE suppliers.





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# Environmental Sustainability

# Materials and Waste

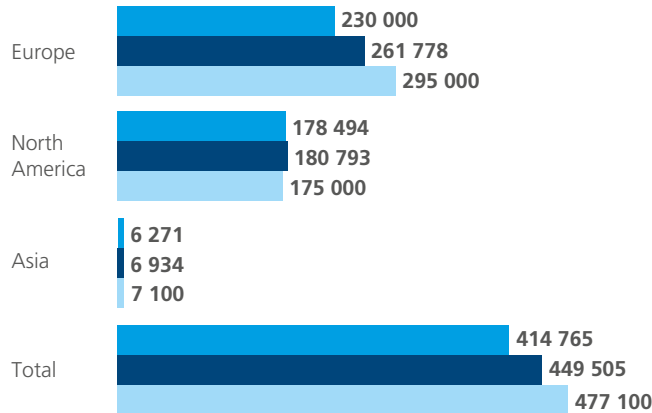
KIRCHHOFF Automotive’s products are mainly made of recyclable steel and aluminum. Especially when it comes to steel, the automotive industry is already approaching a closed-loop economy; worldwide, 90% of the steel used in the industry is recovered. The more frequently steel is recycled, the better its eco-balance. Another advantage to using steel is that it is one of the few materials that does not lose any of its properties during recycling. Melted down and reprocessed steel is of the same high quality as virgin steel.

As approximately 95% of our total greenhouse gas emissions are allocated to scope 3, KIRCHHOFF Automotive focuses on the efficient use of materials and the avoidance of process waste. The use of materials is based on established technical standards. We monitor it continuously and take corrective action in the event of deviations. That is exactly how we operate; waste (primarily steel and aluminum waste, but also oils, paper and wood) is fed externally into the recycling loop, thus reducing resource consumption and the negative impact on the climate.

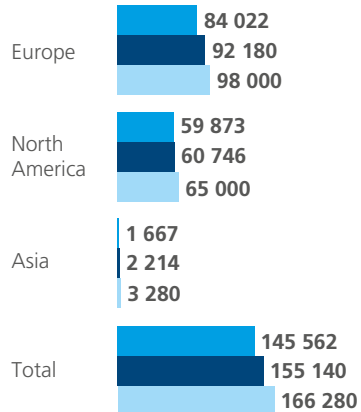
In 2022, our consumption of steel and aluminum increased by 6% compared to the previous year. Compared to 2020, there is a 15% increase, which is explained by the production volume driven by the customers’ orders over the three consecutive years. Extensive efforts to improve the quality of manufactured parts and optimization of our processes have contributed to a significant reduction in the 2022 scrap rate (process loss) at our European plants. In the coming years, we will continue our efforts at our North American plants to achieve positive trends.

## Raw Material Input\* and Process Loss in tonnes

### Raw material



### Of which is scrap steel



■ 2020 ■ 2021 ■ 2022 \*Steel and aluminum



# Energy and Water Consumption

Ecological responsibility is an important value for KIRCHHOFF Automotive. We are committed to environmental protection and resource conservation, and want to manage and develop our company in a way that is not only economically but also ecologically and socially sustainable. KIRCHHOFF Automotive has begun incorporating changes across its operations and is adopting cleaner and greener processes, improving its energy and resource efficiency, and increasing the renewable share of its energy supply.

KIRCHHOFF Automotive facilities are required to implement and maintain an environmental management system and

ensure that all employees are regularly trained. 96% of our plants have certified ISO 14001 environmental management systems. The last remaining plant will be ISO 14001 certified by Q3 2023. In nine plants, energy management is already certified according to ISO 50001, and our ambition is to certify the outstanding plants in 2024.

### Optimize and minimize

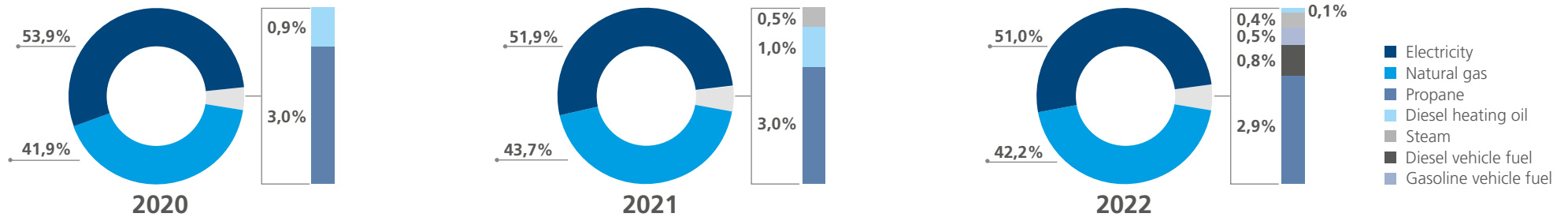
The overall distribution of energy consumption remains largely unchanged from 2021 at 51% electricity, 42% natural gas and

5% other fuels. Our objective is to continuously optimize and minimize our environmental footprint and resource consumption. A comprehensive approach includes anchoring the following Emissions Reduction Levers to the KIRCHHOFF Automotive way:

- Energy monitoring and reduction of energy consumption
- Procurement/generation of green electric energy
- Conversion from natural gas to renewable energy, biogas or H<sub>2</sub>
- Adaptation and introduction of low-emission/carbon-free technologies

## Total Energy Consumption and Energy Breakdown

in megawatt hours and in percent



	Electricity	Natural gas	Propane	Diesel heating oil*	Steam**	Diesel vehicle fuel***	Gasoline vehicle fuel***	Total
2020	133 964	104 156	7 926	2 350	-	-	-	248 397
2021	139 616	117 511	7 965	2 777	1 280	-	-	269 150
2022	151 559	131 324	8 656	370	1 119	2 397	1 536	296 961

\* To improve quality, Diesel vehicle fuel was reported separately from 2022; \*\* Value collected since 2021; \*\*\* Value collected since 2022



**Energy Consumption**  
by energy source

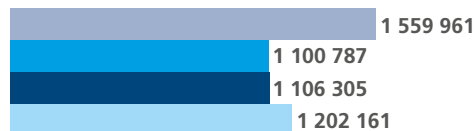
Electricity in megawatt-hours



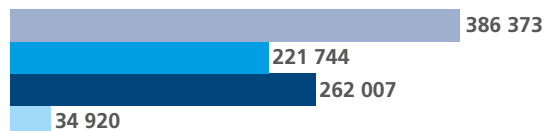
Natural gas in cubic meters



Propane in litres



Diesel heating oil in litres\*



Steam in gigajoules\*\*



Diesel vehicle fuel in litres\*\*\*



Gasoline vehicle fuel in litres\*\*\*



We have reviewed our existing processes and technologies and have identified best practices for reducing energy consumption. For example, re-directing the hot air from the compressors in our Hungary plant to a high-efficiency heat-recovery system and using it to heat offices and buildings is saving around 42 tons of CO<sub>2</sub> and thousands of euros annually. Additionally, a compressed air leak survey in our Manchester plant, identified potential savings of almost 274 000 kWh in electricity and 90 tons of CO<sub>2</sub> emissions annually. We continually deploy activities for energy conservation across our operations. The results emphasize the benefit of air leak surveys being undertaken in plants and reviewed periodically to ensure air leakage control.

Furthermore, sales grew more than 28%, yet total energy consumption only grew 10% in the reporting year, yielding a reduction in energy intensity value.

**Energy Intensity**

in megawatt-hours per 1 million euros in net revenue



**-14%**

Energy Intensity compared to 2021

■ 2019 ■ 2020 ■ 2021 ■ 2022

\* To improve quality, Diesel vehicle fuel was reported separately from 2022

\*\* Value collected since 2021

\*\*\* Value collected since 2022

**Water stewardship**

In the reporting year, 69% of total water consumption comes from the European and Asian KIRCHHOFF Automotive plants. Water demand from identified water stress regions accounted for less than 5% of total KIRCHHOFF Automotive consumption. In 2022, water intensity dropped by 17% year-over-year, showing progress toward our ambition of conserving water resources and improving our sustainability measures.

**Water Consumption**  
in cubic meters



**Water Intensity**

in litres per 1 million euros in net revenue



**-17%**

Water Intensity compared to 2021

# Greenhouse Gas Emissions

As part of KIRCHHOFF Automotive's commitment to environmental sustainability and taking meaningful action against climate change, we defined climate-neutral targets in accordance with applicable legislation, and in close cooperation and alignment with our key customers. These targets serve as a visionary path, outlining the company's ambitions and concrete steps toward minimizing its carbon footprint. By cooperating with our customers, stakeholders, and the entire supply chain, we are committed to taking immediate and effective actions toward carbon reduction.

In the reporting period, work began on including scope 3 emissions in our Corporate Carbon Footprint (CCF), which will facilitate targeted measures to reduce emissions. Taking our baseline as 2019, we calculated scope 3 emissions as 1,8 Mt, which accounts for about 95% of our total CCF.

KIRCHHOFF Automotive voluntarily reports annual emissions performance through the International Carbon Disclosure Project (CDP) initiative. In 2022, we achieved a "C" score, which was an improvement on the previous year and consistent with the average for other companies in the metal product sector.

## CO<sub>2</sub> balance

Since 2019, KIRCHHOFF Automotive has reduced its overall emissions by 39%. The ratio of scope 1 to scope 2 emissions has changed noticeably from 30:70 to 50:50, due to the progressive increase in green electricity used at our production plants.

Our direct emissions (scope 1) have increased 12% compared to 2021. A significant proportion of this increase is due to us including vehicle fuels in our reporting for the first time. Another factor was the increased use of natural gas in the North American region because of process changes.

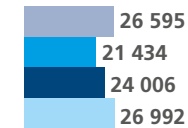
The reduction of indirect (scope 2) emissions by 54% since 2019 mainly relates to the procurement of green electricity, but also the benefits of our energy conservation measures. In the reporting year, several initiatives were started to support the reduction of our carbon footprint:

- The development of a pilot CO<sub>2</sub> Reduction Roadmap for introduction to each operational site
- The rollout expansion of an ISO 50001 Energy Management System across all sites
- And the development of a global Energy Monitoring System to be implemented across the group

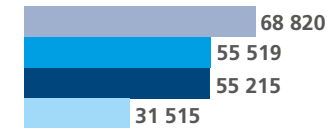
Since 2019, there has been a 40% decrease in CO<sub>2</sub> intensity, measured in CO<sub>2</sub> emissions per 1 million euros of net revenue.

## CO<sub>2</sub> Emissions in tonnes of CO<sub>2</sub>e

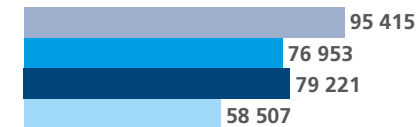
Direct emissions (scope 1)



Indirect emissions (scope 2)

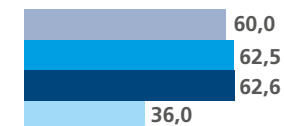


Total



**-39%**  
Total Emissions  
compared to 2019

## Emission intensity\* in tonnes of CO<sub>2</sub>e per 1 million euros in net revenue



**-40%**  
Emission intensity  
compared to 2019

■ 2019 ■ 2020 ■ 2021 ■ 2022

\*To improve quality of presented values, the method used to calculate this indicator has changed.

# Biodiversity

As part of its risk management, KIRCHHOFF Automotive has ascertained whether our production sites have a direct or indirect impact on nature conservation areas or areas with high biodiversity. None of our plants are located in or near such an area.

## Tree planting campaign

We want to set a global example of how to protect the environment for the future of our children. As a small contribution to CO<sub>2</sub> neutrality, the KIRCHHOFF Group has launched a reforestation campaign and plans to plant 1 785 trees at all of the Group's locations – a reference to the founding year of KIRCHHOFF's original company, Stephan Witte. Together with the tree nurseries and forestry offices, employees and their family members can participate in this campaign. So far, plantings have taken place at the KIRCHHOFF Automotive sites in Attendorn and Iserlohn, as well as at our European sites in Hungary, Romania, Portugal and Poland.

In November 2022, we also launched the campaign at the first of our North American sites. In the presence of initiator Thomas Kirchhoff and supported by the Tennessee Environmental Council, 53 employees from the Manchester plant and their families got involved. Colleagues in Tecumseh also planted flowers and trees on the plant site to mark Earth Day in April 2022.



Tree planting in Manchester, USA (above). The reforestation campaign was initiated by Thomas Kirchhoff (middle, with glasses). At our Tecumseh site, employees planted flowers and trees to mark Earth Day on 22 April 2022 (below).





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# Social Sustainability



# Occupational Health and Safety

The health and safety of all our employees and people who interact with us is one of our core values integrated within the corporate culture expressed in the KIRCHHOFF Automotive Vision and Values. We are strongly committed to developing our employees and actively supporting their health and satisfaction. Having all employees return home in the same condition they came to work is our daily goal. For our entire supply chain, we require the same high standard as we set for ourselves, especially regarding health and safety.

To help achieve our goal, KIRCHHOFF Automotive has implemented and applies an occupational health and safety management system. As of the end of 2022, nearly 90% of all plants had been certified to ISO 45001, with the remaining three plants to be certified by Q2 2023. In addition, all KA employees are regularly trained to raise health and safety awareness.

On a strategic level, KIRCHHOFF Automotive continues to implement steps to improve health and safety culture within the entire organization including:

- Creating a global health and safety manager position in 2022, who is working on a company and plant leadership level to improve reporting, communication, information sharing and standardization of best practices

- Further fostering participation and involvement of employees in the health and safety program, including Joint Health and Safety Committees

KIRCHHOFF Automotive establishes objectives, targets and Key Performance Indicators (KPIs), to continually improve the Health and Safety Management system. One KPI measured internally is the number of Reportable Injuries (the number of injuries occurring from work-related activities resulting in off-site medical attention).

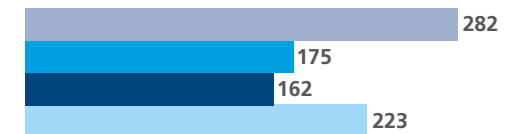
In 2022, KIRCHHOFF Automotive worked just over 14 million hours with 223 reportable injuries occurring in this time-frame. While the number of reportable injuries increased by 61 compared to 2021, 2022 performance remained lower than pre-pandemic levels.

It is with great sadness that we report a fatal injury of one of our colleagues, who was affected while setting a die in the press department in 2022. A reassessment of the potential risks related to the die-setting works was immediately launched to improve employee safety. The incident also reinforced the importance of continuously evaluating practices associated with potential high-severity work. This incident and the changes to safe work practices were communicated, and employees involved in stamping operations were trained at all KIRCHHOFF Automotive locations to prevent recurrence.

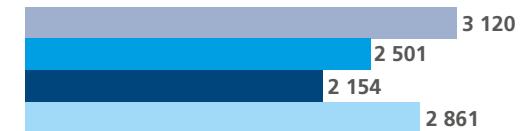
## Total Hours Worked



## Reportable Injuries



## Injury Absent Days



■ 2019 ■ 2020 ■ 2021 ■ 2022

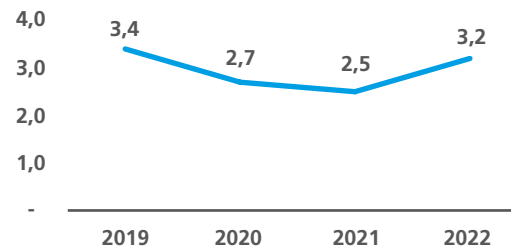
The Reportable Injury Frequency Rate (the number of Reportable Injuries per 200 000 hours worked) in 2022 was 3,2 and was higher than the 2021's performance of 2,5. While more reportable injuries occurred in 2022, the 2022 Reportable Injury Frequency Rate did not significantly rise due to 8% more hours worked compared to 2021. Nine KIRCHHOFF Automotive locations achieved our internal target of 2,5 Reportable Injuries Frequency Rate, with two facilities having zero Reportable Injuries (Puebla – Mexico, and Shenyang – China).

The KIRCHHOFF Automotive Injury Severity Rate (the number of days absent per 200 000 hours worked due to work-related injuries) increased by 15% in 2022 compared to 2021. 2022's performance was 44,3 days absent per 200 000 hours worked and it was the highest rate over the past four years.

Despite the slightly higher injury rates, we believe we are on track to reaching our longterm targets as all our efforts are ultimately aimed at prevention and minimizing the risk of accidents.

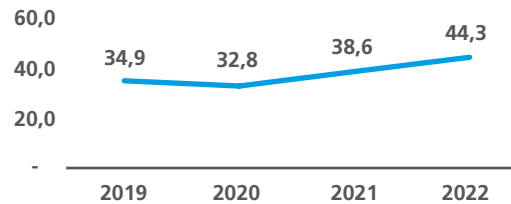
**Reportable Injury Frequency**

Reportable injuries per 200 000 Hrs



**Reportable Injury Severity Rate**

Days Absent per 200 000 Hrs



# Education and Training

KIRCHHOFF Automotive employees are our partners and the biggest competitive advantage that can hardly be overestimated. Machines can be bought, but people must be found and retained. That is why our human resources policy is aimed at long-term employment and talent development. We believe that motivated and qualified employees contribute to the sustainable development of the company and its environment.

As a global acting company, we benefit from the diversity of our workforces: different cultures, varied approaches to problems, innovative ideas, and decision-making processes. That is why we offer employees a wide range of development opportunities at all our sites.

## Our development programs

- [Employee Development Process \(EDP\)](#)

The EDP helps to identify the development needs of each employee. By helping to improve their skills and abilities, we can help them achieve greater success. It identifies core and job-specific competencies and annual development goals. Each employee has at least one annual EDP discussion with their supervisor and receives a jointly agreed, individual development plan.

- [KIRCHHOFF Automotive Talent Education \(KATE\)](#)

KATE includes both the selection of potential candidates and their development program. The program targets employees who are aiming to grow into a management role or an expert

career. The KATE process focuses on employees at early career stages who have the potential to grow at KIRCHHOFF Automotive. So far, our colleagues from Germany, Poland, Hungary and Portugal have been participating in the KATE program. After the pandemic period, we are more than happy to relaunch KATE. By the end of 2022, the program covered 98 of our employees. Almost every second participant was subsequently promoted into a higher-level role. This reflects the program's importance and reasonableness. It also confirms that our talents can successfully shape the company's future in the long term.

- [Local Leadership Development Program](#)

This program is aimed at all managers (team leadership and above) and those who will take over leadership responsibilities within the next six months. The program consists of six modules that provide clear expectations towards responsible leaders at KIRCHHOFF Automotive.

- [KIRCHHOFF Automotive Academy](#)

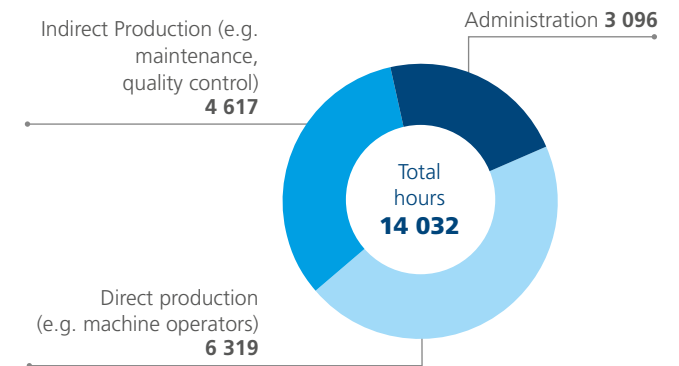
A global program that standardizes training material content for each department. The academy also drives the availability of standardized e-learning materials.

- [Tuition Reimbursement](#)

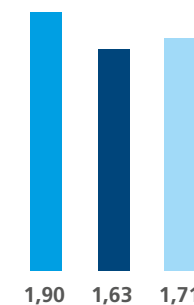
Partial course fee reimbursement is a country-specific offer from KIRCHHOFF Automotive. It supports employees' continuing education and helps them enroll in courses or programs that improve their job-related skills.

## Continuing Education Hours

Percentage of employees who have undergone further training  
**100%**



Hours per employee



**100%**

of employees at KIRCHHOFF Automotive receive regular performance and development reviews.

- Europe/Asia
- North America
- Average

# Freedom of Association and Collective Bargaining

The collective representation of employees' interests has always been an important factor at KIRCHHOFF Automotive. This is reflected, among other things, in the collective bargaining coverage: at the end of 2022, for example, 36% of our employees worldwide were subject to regulations on pay and working hours that were collectively negotiated by representatives of employees and employers. In Europe/Asia it was 41%, and 27% in North America. These agreements include both internal and external agreements, such as those involving trade union representatives.

The Kirchhoff family has been committed to the social partnership between employers and employees for a long time. Chairman of the Advisory Board of the KIRCHHOFF Group, Arndt G. Kirchhoff, is, among other things, president of the North Rhine-Westphalia Federation of Business Associations. As president of the North Rhine-Westphalian employers' associations for the metal and electrical industries, he leads collective bargaining for the sector. His father, the late Dr. Jochen F. Kirchhoff, was active in the same functions for decades.

## Bringing employees along

In addition to wage and salary negotiations, representatives of KIRCHHOFF Automotive's management also meet with employees or their representative bodies. This regular exchange is about providing support for important problems as well as information about the current situation and strategic changes at the company.

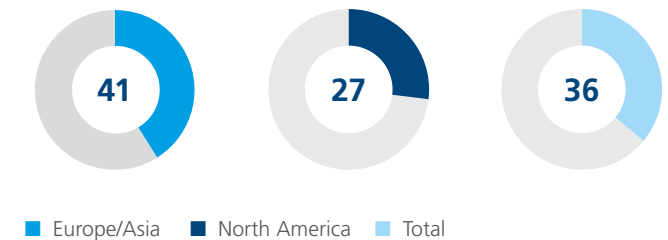
Most recently, the shift towards electric mobility - and therefore the future position of KIRCHHOFF Automotive in the supply chain - has been a particular concern for our employees. The plant managers at our locations addressed these concerns as part of a strategy day. They presented forecasts for the global development of electric mobility as well as the lightweight products that the company has developed specifically for electric vehicles.

KIRCHHOFF Automotive also actively involves its employees when shaping the company. They can submit ideas for improvements to production processes via the suggestion system; the best ideas are awarded with prizes and get implemented. In this way, we have already been able to create significant change within the organization, thanks to our employees.

## Employees With Collective Agreement Coverage



Share in percent





# Local Communities

KIRCHHOFF Automotive and its employees are committed to society and the environment at our locations worldwide. “Our visions and values are not just on paper, but are expressed in many different activities,” emphasizes J. Wolfgang Kirchoff, CEO of KIRCHHOFF Automotive. All in all, we have supported more than two dozen initiatives in recent years, such as the participation or volunteer work of employees and donations in kind. We are always about giving back to the local communities and being more than “just an employer”. Some notable examples include:

## Support for Ukraine, Poland

Since the start of the war in Ukraine in February 2022, our Polish colleagues at KIRCHHOFF Automotive have been involved in a wide range of activities to help the refugees. The management of our Polish plants has donated money and in-kind services, including 50 beds for refugees, and generators and telephones for the Polish Red Cross, which helps the refugees at the Przemysl border crossing. Our employees have also been actively involved in relief efforts, such as donating money and goods and teaching Polish to refugees. As a company, we also try to integrate the Ukrainian refugees into the community and help them find their way in their new surroundings. To this end, some employees from our plant in Gliwice took part in an open house and integration day for refugees (see photo). “During this, we made job offers to the Ukrainian refugees. They were also able to get legal advice or assistance in filling out various applications related to their stay in Poland. It was the first event of its kind in the



Silesian Voivodeship,” explained the responsible HR Manager in Gliwice. At the plant, KIRCHHOFF Automotive would like to systematically employ refugees from Ukraine. Some colleagues from Gliwice have also brought furniture to a newly established center for the Ukrainian refugees and assisted in setting it up. On their own initiative, they renovated the dormitory where 25 Ukrainian children live. In June, our Gliwice plant also organized an excursion for young people from Ukraine who are studying in Poland and will be looking for a job in a few years.

To ensure that one of the most important and largest universities in Ukraine, the National Polytechnic University of Lviv, can continue to be supplied with electricity, KIRCHHOFF Automotive Polska donated a power generator. The call for help came directly from the rector of the Ukrainian university, Yurii Bobalo. For our Polish colleagues it was a matter of

helping quickly and unbureaucratically. During the traditional Christmas dinner in Mielec, Poland, Janusz Sobon, managing director KIRCHHOFF Automotive Polska, and Claudius Bensberg, the CFO of KIRCHHOFF Automotive Holding, who had come to Poland for the Christmas meeting on behalf of the Kirchoff family, handed over a Honda generator to Yurii Malynovskyi, head of the Center for Humanitarian Aid Collection (see photo). Malynovsky expressed his sincere thanks: “Thank you very much for everything you do for us and our country. Your support shows how much we stand together and in Europe, one neighbor helps another. I am very happy that our Polish partners are also even working on the delivery of consumables for the operation of the generators.” In addition to KIRCHHOFF Automotive, two other companies and a university are providing support. Thus, a total of 19 generators could be delivered to the National Polytechnic University of Lviv. ▶





### Flood relief, Troy, USA

In 2022, Kentucky was again hit by a devastating environmental disaster. After a severe tornado caused destruction in the western part of the state in late 2021, eastern Kentucky had to cope with unprecedented flooding in August 2022. The rain came quickly and overnight, with many families not even making it out of their homes. Several dozen people lost their lives. Responding immediately to a local mayor's urgent call for help, one of our HR managers from our sales office in Troy, Michigan, was there: within four hours, she had gathered enough donations for a trunk full of relief supplies such as hygiene items, water, first aid supplies and fans, and made the six-and-a-half-hour drive to Kentucky. "I just felt obligated to help these

people who just lost everything, including their family members. The drive was definitely worth it, and we will continue to help people whenever we can," she said.

### Kindergarten renovation, Querétaro, Mexico

In April 2022, the director of the community kindergarten of Pinto sent a request for support to all companies in the industrial area, where the KIRCHHOFF Automotive plant in Querétaro is located. The aim was to restore the kindergarten's facilities and equipment, which could not be maintained during the pandemic because there was no on-site care.

To support the community and our employees whose children attend this kindergarten, KIRCHHOFF Automotive Querétaro helped improve the facilities. Over a period of two months, among other things, the outdoor playground equipment, ceilings and floors were repainted, and the renovation of a previously abandoned warehouse and a special sandbox were tackled. Three managers from our Querétaro plant visited the kindergarten after the work was successfully completed (see



photo). Children, parents and caregivers greeted them all the more warmly because KIRCHHOFF Automotive was the only company to respond to the request for help.

### Running for a good cause, Iserlohn, Deutschland

The 6th Iserlohn "LifeRun" took place on August 27, 2022. Eight employees of KIRCHHOFF Automotive from Iserlohn, Hagen and Attendorn also showed their sporting commitment for a good cause at the event organized by the civic association LebensWERT-Iserlohn (see photo). The participants were able to prove their fitness in five runs in Iserlohn's Hemberg Stadium, and 5 EUR were donated to social projects for each completed lap. Our colleagues completed a total of 200 laps, so that they alone raised 1 000 EUR. With the total proceeds of the run, the organizer wants to set up a sponsorship program this time, among other things, to support children and young people who have suffered particularly from the COVID-19 virus. Refugee families from Ukraine and other social projects are also to be supported.

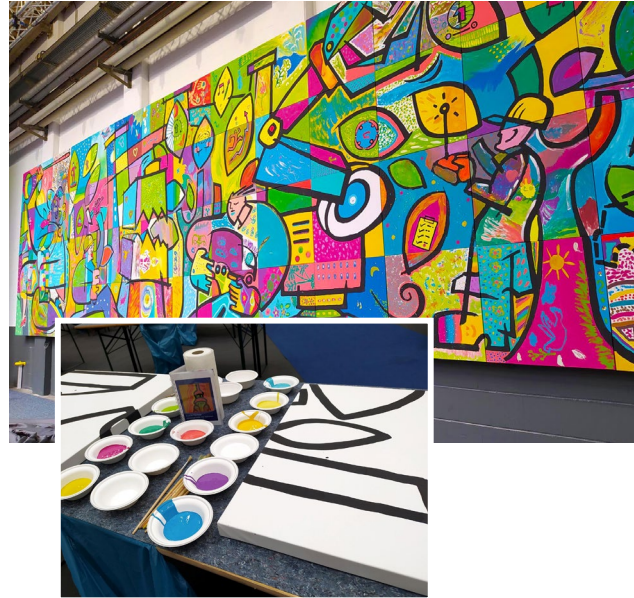


# KIRCHHOFF Culture Life

“Feel good, be amazed, listen, enjoy, and participate” is how J. Wolfgang Kirchhoff, chairman of the Management Board of KIRCHHOFF Automotive and co-initiator of KIRCHHOFF Culture Life (KCL), formulated the objective of the cultural initiative. KCL should shape the corporate culture in our company. Since its inception in 2017, there have been painting activities, competitions, concert and exhibition visits, reading evenings, cooking events, musical and sporting participation opportunities, and much more for the company's employees. The creative mind behind the varied program is Thomas Kirchhoff, cousin of J. Wolfgang Kirchhoff and himself a cultural professional. The university professor is one of the most renowned classical guitarists in the world and has created the “Guitar Symposium” festival in Iserlohn.

## The art of cooperation

Literally the biggest highlight of KIRCHHOFF Culture Life in 2022 came about on May 29. The employees at the Iserlohn site were invited to the KIRCHHOFF Culture Life Afternoon - and initiator Thomas Kirchhoff had already promised “a result that will amaze everyone” beforehand. What that was remained a mystery at first: in a separate area of the tool shop, the participants found tables with square canvases with black lines and many small pots of paint. Dressed in white overalls, two people took turns painting each canvas. The only stipulation was that the black lines were not to be painted over. Here, employees could let their imagination run wild and experiment with colors and patterns. The fact that the teams of two were made up of people from



different departments also meant that they got to talk to colleagues that they typically wouldn't have the chance to talk to.

The employees only found out what happened to the results of their painting at the end of the varied afternoon: a 12 x 3,2 meter mural was unveiled in the hot forming hall (see photo), consisting of the individual canvases that the participants had previously painted. The black lines now made sense: put together, the painting showed various elements of the city of Iserlohn, such

as the Danzturm or trees of the “Waldstadt”, but also objects of the company such as a welding robot and a press. Intangible elements such as the KIRCHHOFF values can also be found on it: notes and brushes stand for the affinity to music and art, and a person who lets himself fall into the arms of another symbolizes trust. “We experienced an extremely happy afternoon with many employees from all departments of the company, as well as their family members. The result will now always be on display in the hall. We will explain what the individual motifs and symbols mean as we go along,” Thomas Kirchhoff announced at the end.

## Reading and listening

There are now bookshelves for employees at five KIRCHHOFF Automotive locations: here, they can borrow literature and also provide their colleagues with new books. The campaign started





with works from the library of the late senior boss Dr. Jochen F. Kirchhoff. Now, we acquire between 10 and 15 new books twice a year, most of which are quickly borrowed. The third KIRCHHOFF Culture Life read-aloud evenings in 2022 also satisfied our employees' hunger for reading: at the well-attended events on November 29 and 30 in Attendorn and Iserlohn, four KIRCHHOFF employees each read from their favorite works.



Journalist Harald Martenstein was also a guest, reading excerpts from his collections of columns. "Only by reading can we understand the world," was how our Cultural Officer Thomas Kirchhoff summed up the event.

#### Bags for the "Tafel"

In November 2022, more than 50 employees in Iserlohn and Hagen took part in a special Christmas campaign: they bought food and hygiene products, which were given to the Tafel Iserlohn-Hemer. Throughout Germany, the "Tafel" food banks provide needy people with food and everyday necessities at their distribution points. KIRCHHOFF Automotive reimbursed all participants' expenses. Thomas Kirchhoff and an HR representative handed over the donations to the Tafel. "It's a great idea to involve the employees. It's a big help for us right now because we have so many extra customers," said Josef Radine, chairman of the Tafel Iserlohn-Hemer, as he handed over the donations.

"Right now we have to stretch." He said the number of customers has increased by about 70% to more than 1 000, while the number of volunteers has remained the same. "It would be nice if more companies took this campaign as a model."













# GRI Content Index













































KIRCHHOFF Automotive has reported the information cited in this GRI content index for the period between January 1, 2022 to December 31, 2022, with reference to the GRI Standards.

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### The 17 UN Sustainable Development Goals



The 17 global sustainable development goals of the 2030 Agenda, the Sustainable Development Goals (SDGs), are aimed at everyone: governments worldwide, as well as civil society, the private sector and academia



# Imprint

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