

# SHAPING THE FUTURE

SUSTAINABILITY REPORT 2017

# Foreword



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## Dear Readers,

We aim to assume social responsibility and embrace the wide range of complex demands related to sustainability.

In this document, which is our first sustainability report prepared in keeping with the guidelines of the Global Reporting Initiative (GRI), we describe the steps we have taken in recent years to assume social responsibility and where we see our future challenges. The aspects presented here have come from our dialog with various groups of stakeholders and the internal perspectives aligned with them.

Earning power, new product ideas, innovative manufacturing methods as well as motivated and qualified employees provide the basis for actively shaping the future and are key to our company's long-term success. Sustainability also represents an important success factor for our future. Environmental protection, optimized energy usage and occupational health and safety have therefore long been integral components of our mindset. Building on this, we have also incorporated the issue of sustainability into our Woco Go2025 corporate strategy. In the last two years, we have established a sustainability management system

that we are using to ensure the company's sustainable and socially responsible development within the specifications of the corporate strategy.

Sustainability is also an important criterion for decisions at our company across all process levels. For example, we always examine decisions about suppliers, investments and manufacturing processes with regard to their sustainability, which means we apply economic, environmental and social criteria to our decision-making.

Open and fair communication and the principles set forth in our Code of Conduct provide the basis for engaging with one another constructively in a spirit of partnership – both within Woco and with our business partners. We consider this to be our duty, particularly in light of our status as a globally active corporation, which is why the Woco Group takes its guidance from the Ten Principles of the Global Compact. Going forward, we plan to take the United Nations Sustainable Development Goals for 2030 as the basis for another tool in our sustainability management system in order to contribute to sustainable development from an economic, environmental and social point of view. This report showcases the initial steps we have taken to this end.

We, as the Woco Group, offer our customers products that contribute to environmental relief through the reduction of emissions, immissions and noises. We therefore never stop further developing our products, processes and materials. In order to continue

expanding our materials expertise, we are investing in an innovative center of excellence for the development of materials at our headquarters in Bad Soden-Salmünster. Here we are working on new or novel materials, material substitutes, reductions in weight and innovative surface finishes from the point of view of sustainable product development.

Our product portfolio is subject to a process of continuous change: it must keep pace with the requirements for limiting climate change, it must be adapted to use of alternative drivetrain technologies, it must constantly offer new functional solutions and it must help tap into additional market segments.

As part of our annual participation in the CDP's climate change supply chain program, we report on the opportunities and risks that climate change entails for our company, our strategic response to these opportunities and risks, and what efforts we are making to reduce or avoid climate-changing emissions. We intend to tackle additional issues moving forward, such as scientifically based climate targets, and report on them.

In the future, we also plan to keep our entire value chain – and not just Woco locations – in sight: we aim to include our sustainability requirements in supplier contracts and further intensify dialog with suppliers. We hope to work out other sustainability-related focus areas with regard to our value chain through risk screenings.

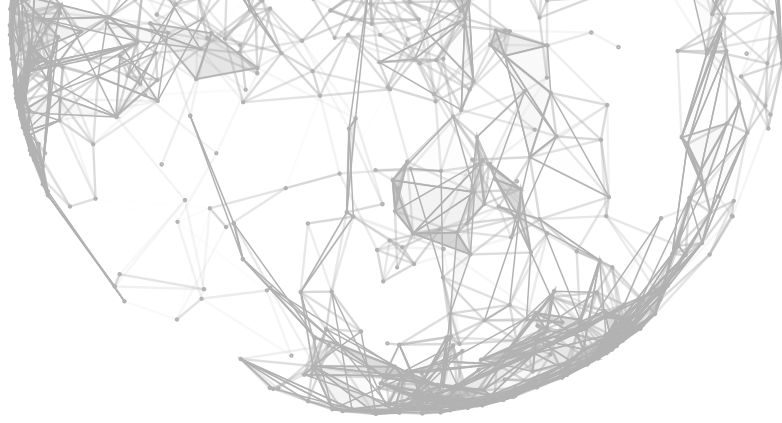
As you can see, sustainability is a fundamental principle at Woco that shapes – and will have a transformative effect on – how we think and act in all business units. In the coming months, we will be establishing a reporting system that cuts across disciplines and locations for various GRI performance indicators. It will enable us to better and more swiftly assess the success of steps we take – and where there is still room for improvement.

Moving forward, we plan to report every two years in accordance with the GRI Standard and transparently present developments in a comprehensible manner. We would be delighted if you joined our stakeholders and us on this exciting journey into a sustainable future.

With best regards,



Dr. Hans Jürgen Kracht  
CEO Woco Group



# 01

## Company and report profile

	5
1.1 About the company	7
1.2 Sustainability management at Woco	10
1.3 About this report	13

# 02

## Woco as a responsible business partner

	16
2.1 Compliance – Anti-corruption, Anit-competitive conduct	17
2.2 Product safety	20

# 03

## Woco as a responsible employer

	21
3.1 Employment, working conditions and anti-discrimination	22
3.2 Occupational safety and employee health	27
3.3 Social commitment	29

# 04

## Woco as a partner for sustainable products

30

# 05

## Woco as an environmentally conscious company

36

5.1 Environmental management at Woco	37
5.2 Energy and emissions	40
5.3 Other environmental aspects	44

# 06

## Woco taking responsibility for the supply chain

47

# 07

## GRI Index

52





# 01

## Company and report profile

5

1.1 About the company

7

1.2 Sustainability management at Woco

10

1.3 About this report

13

More than  
**35**  
countries

make up the Woco team

**315**

employees in the  
Development department

provide for innovations



**29**

Woco locations

worldwide

**2,850**  
recipes of  
material mixtures

have already been developed by Woco



**881**

trainees

at the Bad Soden-Salmünster location since the company  
was established



## 1.1 ABOUT THE COMPANY

### Innovative technology for environmentally friendly system solutions

Woco is an internationally active corporation with the flexibility and structure of a modern medium-sized company. Headquartered in Bad Soden-Salmünster, the Woco Group has factories, production facilities and partners in Europe, the Americas and Asia. Woco uses standardized processes to serve its customers across the globe in keeping with the philosophy: Woco is right where customers need Woco to be.

Woco therefore stands for quality, innovation and internationality. We develop material-independent functional solutions and are specialists for polymer materials and processes. Our main focus is on Automotive with the core product fields of Powertrain and Polymer Technology. Powertrain Technology products improve acoustic comfort and contribute to a reduction in fuel use. In the

field of Polymer Technology, our products insulate vibrations, provide sealings in the drivetrain and chassis and improve vehicle comfort.

In the Non-Automotive area, Woco concentrates on anti-vibration systems for rail technology and industrial applications, as well as on functional solutions for measurement, control and pipeline systems.

In addition to development, our own production of elastomer materials with specific property profiles, in particular, is an outstanding, unique selling point. Woco currently has around 2,850 recipes of material mixtures that form one of the company's best-kept secrets.

In 2016, Woco generated turnover of 675 million euros with 5,050 employees. Automotive accounted for more than 90 percent. This area plays a leading role within the Woco Group. Numerous OEM customers from this sector place their trust

Woco worldwide – Woco is right where customers need Woco to be



Figure 2

## Performance indicators by region

	Americas	Europe	Asia
Turnover in million	69.6	549.8	55.6
Number of individual enterprises	6	19	4
Number of employees	766	3,265	1,019

Table 1

in us, such as Audi, BMW, Chrysler, Daimler, General Motors, Opel, Porsche, Seat, Skoda, Volkswagen, Volvo, as well as automotive suppliers, including Benteler, BorgWarner, Bosch, Bosch Mahle Turbo Systems, Continental, Delphi, Dräxlmaier, Dytech, FCI, Hella, IHI, ITW, Kautex Textron, Kromberg & Schubert, Kros, Kunststoff Schwanden, Leoni, MANN+HUMMEL, Magna, Mahle, MHI, Montaplast, Mubea, Nexans, Pass, SE Bordnetze, Valeo, Wabco Europe, Wahler, Yazaki and ZF. This customer reference list reflects the Woco Group's high level of expertise in the automotive industry.

In the Non-Automotive area, long-standing experience in global industrial markets and continuous utilization of automotive know-how are the basis of our successful position in complementary product areas. In the industrial vibration technology segment, EFFBE Level Mount produces elements for the smooth, non-oscillating installation of machines. EFFBE is a brand that also represents long-standing experience in the development, design and production of diaphragms. In addition to industrial vibration technology, the Pipe System Components sector provides its customers with gasket and connector fittings for drinking and wastewater systems. Founded in 1964, Seifert Kunststofftechnik GmbH is a partner for the production of molded plastic parts for Railtrack applications.

On July 1, 2017, we took over the company Seifert Kunststofftechnik GmbH, which was renamed Eisenacher Kunststofftechnik. We also opened two new factories: Woco Tech de México – Lagos de Moreno and Woco Ipartehnika II.

## Legal form and ownership structure

Woco is a family company with a history stretching back from than 60 years. The shareholders of Woco GmbH & Co. KG are company founder Franz Josef Wolf and his heirs. As the parent company, Woco GmbH und Co. KG holds the majority stake in a total of 29 companies with different legal forms depending on the country.

## Woco GmbH &amp; Co. KG | Bad Soden-Salmünster

## In Germany:

1. Woco Franz Wolf Holding GmbH | Bad Soden-Salmünster
2. Woco Kronacher Kunststoffwerk GmbH | Kronach
3. EFFBE GmbH | Bad Soden-Salmünster
4. Woco Industrietechnik GmbH | Bad Soden-Salmünster
5. Woco IPS GmbH | Bad Soden-Salmünster
6. F. J. Wolf Grundstücksbeteiligungen GmbH & Co. Besitz KG | Bad Soden-Salmünster
7. F. J. Wolf Grundstücksbeteiligungen GmbH | Bad Soden-Salmünster
8. Woco Grundstücksverwaltungsgesellschaft mbH | Bad Soden-Salmünster
9. TERNI Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bad Soden-Salmünster KG | Bad Soden-Salmünster

## Outside Germany:

10. Woco Técnica S.A. | Irún (Spain)
11. Woco Ipartehnika Magyarország Kft. | Budapest (Hungary)
12. Woco Tech de México S.A. de C.V. | Querétaro (Mexico)
13. Woco Servicios México S.A. de C.V. | Querétaro (Mexico)
14. OOO Woco Rus | Togliatti (Russia)
15. Polimerni Sistemi d.o.o. | Ljubljana (Slovenia)
16. Woco Polymer Systems San Tic Ltd. STI | Bursa (Turkey)
17. Woco Tech Ltd. (FZC) | Sharjah (United Arab Emirates)
18. Woco Tech Elastomere Noida Ltd. | New Delhi (India)
19. Woco Tech Polymere Kandla Ltd. | Kandla (India)
20. Wuxi Woco Motor Acoustic Systems Co. Ltd. | Wuxi / VR (China)
21. Woco Niederlande B.V. | Amsterdam (Netherlands)
22. EFFBE France S.A.S. | Habsheim (France)
23. EFFBE-CZ s.r.o. | Zlín (Czech Republic)
24. EFFBE GAMMA S.A.S. | Boissy Saint Léger (France)
25. Woco Pipe System Components ROM SRL | Satu Mare (Romania)
26. Woco STV s.r.o. | Vsetín (Czech Republic)
27. Woco U.S. Holding Corp. | Wilmington, Delaware (USA)
28. Woco Tech USA Inc. | Southfield, Michigan (USA)
29. Woco Tech Texas Corp. | Waco, Texas (USA)



### Governance structure

The Woco Group’s Executive Board consists of the CEO and the CFO. The CEO is responsible for all factories in the respective regions and heads the Powertrain Technology, Polymer Automotive, Polymer Industry and Railtrack Superstructure business units. In addition to the corporate functions of Quality and Environmental Management, Energy Management, Facility Management, Corporate Communications and Sustainability Management, the Purchasing, Project and Launch Management, Quality, Human Resources and Advance Engineering divisions all fall within his remit.

The CFO heads the Finance/Controlling and IT divisions and is in charge of the Legal/M&A, Audit/Risk Management, Data Protection and Information Security corporate functions.

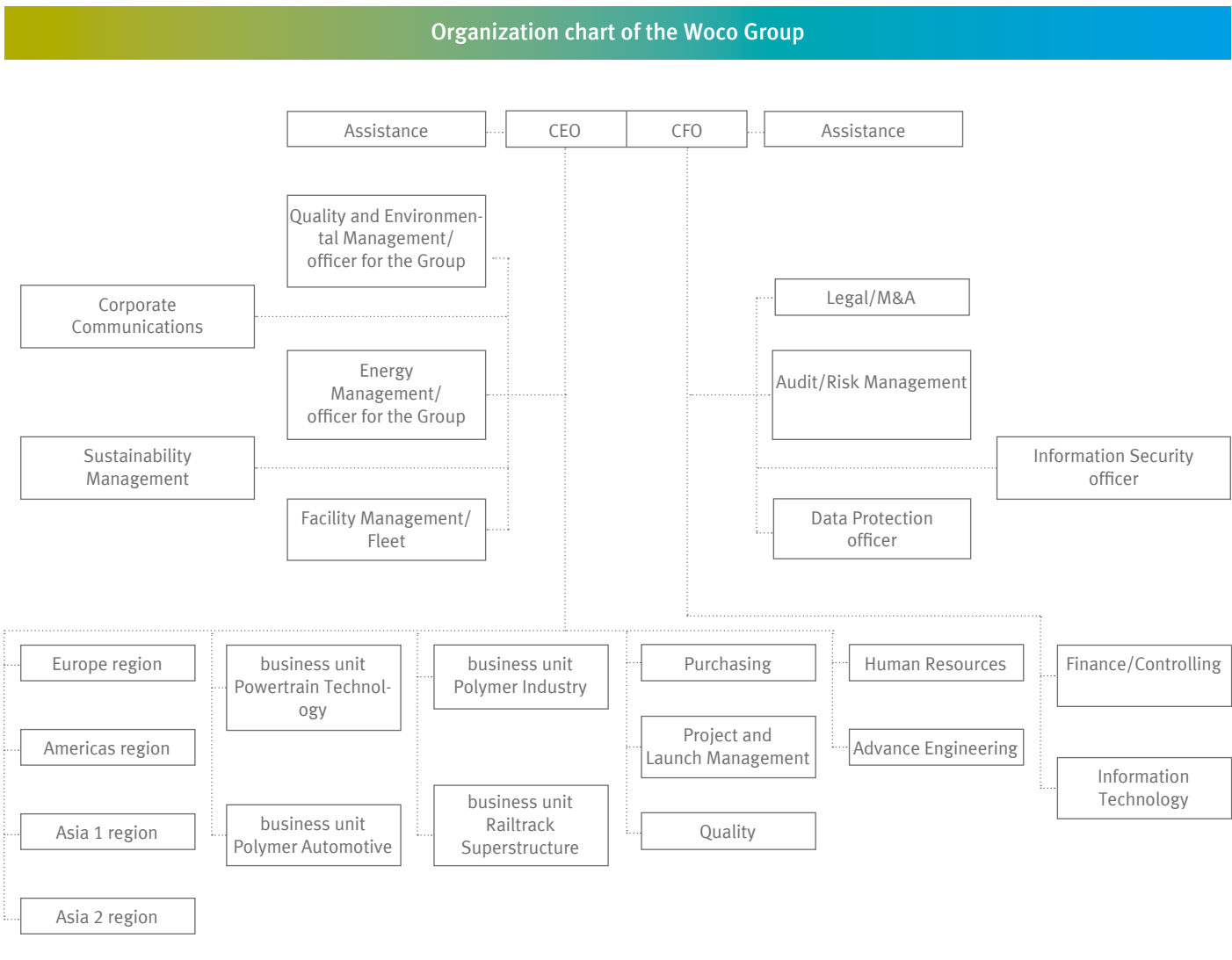


Figure 3

## 1.2 SUSTAINABILITY MANAGEMENT AT WOCO

### Principles and guidelines

The principles of sustainable business practices are set forth in the Woco Group’s corporate values as well as its vision and mission. They establish guidelines on environmental, social and economic issues.<sup>1</sup> The guidelines themselves are addressed again in the corresponding sections. The Woco Go2025 strategy explicitly focuses on the topic of sustainability to underscore the topic’s importance within the Group.

Woco also takes guidance from the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption.<sup>2</sup>

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Figure 4

<sup>1</sup> www.wocogroup.com/Grundsätze.25.0.html

<sup>2</sup> www.globalcompact.de/de/ueber-uns/dgcn-ungc.php

Another tool for incorporating sustainability into the corporate strategy are the Sustainable Development Goals (SDGs) that went into effect in January 2016. The SDGs are political aims of the United Nations (UN) meant to ensure sustainable development from an economic, social and environmental point of view (refer to Fig. 4).

In the years ahead, the importance of SDGs for both the public and private sectors will continue to grow. The UN's clear objective is to turn the SDGs into the leading framework guiding sustainability-driven efforts. Just as the plan is for governments to measure their policies by the achievement of the SDGs, companies are also called on to do their part for the SDGs. Those SDGs that are relevant to Woco are described in greater detail in the respective subsections.

### Structures and responsibilities

Sustainability – as a Group-wide issue relating to all organizational units – includes the key issues of ethical responsibility, production and value creation, as well as employees and society, which will be joined to create a uniform sustainability strategy. The goal is ensure sustainable development for the company in a socially responsible manner within the framework of the corporate strategy.

With a view to this goal, accountability structures were created in late 2016 for the topic of sustainability. In addition, a sustainability charter specifies the related tasks.

Similar to the governance structure outlined in Section 1.1, overall responsibility for operating activities and their impact is in the hands of the Group's CEO (Dr. Hans Jürgen Kracht). The central organizational unit is the sustainability steering committee, which sets the sustainability strategy once a year. The steering committee consists of the CEO and CFO, as well as the members of management.

In order to incorporate the topic into the existing organizational and operational structure, the sustainability team – which includes all key divisions – prepares draft resolutions for the steering committee. This team meets twice a year.

Coordination of the activities and joint operational planning are handled by the core sustainability team, which meets once a month. The core sustainability team comprises the heads of the relevant corporate functions:

- Head of/Officer for Sustainability Management
- Head of Human Resources
- Head of Purchasing
- Head of/Officer for Energy Management
- Head of/Officer for Quality and Environmental Management
- Head of Audit/Risk Management
- Head of Advance Engineering

New developments are also presented on the core sustainability team, which coordinate external activities as well. Minutes are kept at the meeting, which also serve to document and formalize sustainability-related resolutions and activities.

The corporate function known as Sustainability Management has been established for steering purposes.

### Support for external initiatives

Starting in 2017, Woco began reporting to the CDP (formerly known as the Carbon Disclosure Project) through the climate change program. It compiles an annual report for this purpose. At the level of associations, we support the joint development of more sustainable practices and regularly take part in committees and working groups on a range of issues. One example is the Life Cycle Analysis project group of the German Association of the Automotive Industry (Verband der Automobilindustrie – VDA), in which Woco serves as quality manager. Woco is also a member of the German Mechanical Engineering Industry Association (Verband Deutscher Maschinen- und Anlagenbau – VDMA), the Association of German Engineers (Verein Deutscher Ingenieure – VDI), the German Rubber Industry Association (Wirtschaftsverband der deutschen Kautschukindustrie – WDK), the German Technical and Scientific Association for Gas and water (Deutscher Verein des Gas- und Wasserfaches – DVGW) and the Association of Companies in the Gas and Water Industries (Firmen im Gas- und Wasserfach – FIGAWA).



## Performance indicators, monitoring and goals

Corporate sustainability goals are specified at the level of business units and central divisions.

For example, Group-wide goals are in place in the Innovations/Corporate Development, Environment/Energy, Human Resources and Purchasing divisions. In each case, they pertain to specific performance indicators or to the successful introduction of certain measures. Realization of the objectives is up to the relevant divisions or respective locations that define the corresponding implementation steps or focal points and the responsible parties. The implementation steps can be traced using performance indicator systems, which are subject to monthly reporting.

To date, goals have usually been set in the final quarter of the fiscal year for the following year. The specific goals for the individual issues and their achievement are reported in the following sections.

## Risk management

We adhere to strict risk management processes in order to identify opportunities and risks related to our business operations as early as possible. They are described in detail in the current Woco risk management guidelines, which went into effect on January 1, 2017. The risk management guidelines apply to all companies and joint ventures (provided there are no legal regulations to the contrary) and to all employees of the Woco Group. When necessary, the Corporate Risk Management team modifies the guidelines, which are then approved by the Woco Group's Executive Board.

The Group's identified risk areas are monitored continuously by the respective locations by means of risk management software. The software's standardized format features predefined categories and standards and is updated every quarter by the respective locations. Apart from common economic criteria, such as commodity price and currency fluctuations, the risk categories also include environmental and social factors, such as processes introduced for environmental and human resources management.

Responsibility for ensuring an adequate and well-functioning risk management setup is assigned to the risk coordinator, who moderates, monitors and assists with the risk management

process and involves the employees. The risk coordinator is also responsible for gathering risk data, compiling risks and reporting them to supervisors and corporate risk managers, as well as introducing measures to enhance the Woco Group's RM process.

## Further development

Over the past months and years, the Woco Group has taken key steps towards the effective and comprehensive management of sustainability issues.

The challenge for the months ahead will be setting up a reporting and monitoring system for the various performance indicators designed to cut across divisional and location boundaries. For example, the respective locations collect numerous key figures concerning energy and environmental performance as part of internal or externally certified management systems. Due to the wide product range and the different location contexts as a result, this information has never been standardized.

A system that cuts across various locations will make it possible to better and more quickly assess measures and the success of in-house activities. Handling internal and external reporting processes will also be easier. When it comes to defining goals and measures, Woco intends to take greater guidance from existing and emerging frameworks and overarching guidelines – such as the Sustainable Development Goals of the United Nations or the German government's National Action Plan on Business and Human Rights. Woco also plans to look into introducing science-based targets<sup>3</sup> within the context of the global climate agreement. This process involves specifying how much and how quickly individual companies need to reduce their greenhouse gas emissions in order to limit global warming to less than 2°C altogether. Specific savings targets are then set based on this information.

The focus areas for the individual issues are addressed in the subsequent sections.

<sup>3</sup> sciencebasedtargets.org



## 1.3 ABOUT THIS REPORT

### Reporting period

This is the Woco Group's first sustainability report. It has been prepared in accordance with the standards of the Global Reporting Initiative (GRI) (namely the "In Accordance – Core" option).<sup>4</sup> Evidence of the required disclosures may be found in Section 7 in the GRI Index.

This report is published on the Woco Group website. It is also registered in the Sustainability Disclosure Database of Global Reporting Initiative.<sup>5</sup>

### Frame of reference

This report pertains to the entire Woco Group, including its subsidiaries. The frame of reference therefore corresponds to the Group's scope of consolidation. The individual companies included in the consolidated financial statements for 2016 are listed on page 8.

Corporate shareholdings in which Woco does not own a majority stake have not been included in the frame of reference for this report. These shareholdings are listed on Woco's website.<sup>6</sup>

The reference period for the performance indicators is the last completed fiscal year at the time when the information is collected, which is the 2016 calendar year in this case.

Unless otherwise indicated, the descriptions and factual content of the report reflect the situation at the time when information was collected (August – October 2017).

The next publication of a sustainability report is scheduled for 2019, which will focus on the fiscal years 2017 and 2018. The plan is to subsequently maintain a two-year cycle.

Woco made use of external assistance to prepare and compile this report. There are no plans for an additional external audit of this report.

### Determining the contents of the report based on the GRI Reporting Principles

Materiality is the key criterion for sustainability management and reporting. It denotes the need to focus on issues where significant environmental, economic or social impacts may arise as a result of the company's activity. Woco therefore performed a materiality analysis together with its stakeholders as part of compiling this sustainability report.

The first stakeholder survey took the form of an online poll. The first step involved determining relevant stakeholder groups, selection criteria for the stakeholders to be surveyed and possible topics.

The following stakeholder groups were identified as relevant:

- Customers
- Suppliers
- Employees
- NGOs/civil society
- Representatives of local politics/governance
- Sector initiatives, associations

<sup>4</sup> [www.globalreporting.org/standards/the-reporting-process](http://www.globalreporting.org/standards/the-reporting-process)

<sup>5</sup> [database.globalreporting.org](http://database.globalreporting.org)

<sup>6</sup> [www.wocogroup.com/Beteiligungen.47.0.html](http://www.wocogroup.com/Beteiligungen.47.0.html)

The following criteria were established for the selection of individual stakeholders:

- Willingness to cooperate
- Added value/knowledge gained from the survey
- Geographical representativeness

In order to preselect topics to choose from for defining those to be covered, the indicators of the GRI Standards were used as the point of departure and related topics were pooled in 22 categories. These 22 categories were compared in a desktop analysis with those topics that have already been addressed by customers, suppliers and other companies in the sector. Externally prepared sector risk profiles were also included and used to weight the topics. These efforts resulted in a ranking of the topics. The five issues with the least relevance were classified as immaterial from the stakeholders' perspective.

The remaining 17 topics were included in an online stakeholder survey, which enabled the stakeholders to rank the topics with regard to materiality from their perspective on a scale of 1 to 5. The stakeholders also had the opportunity to list other topics and provide additional comments.

Approximately 40 stakeholders from the aforementioned groups were contacted. A point was made to cover multiple regions. The online poll was carried out between July and October 2017. Online questionnaires were available in German, English and Spanish.

A total of 21 responses from external stakeholders were logged, and each of the aforementioned groups of stakeholders were represented. However, the geographical coverage of the replies was limited to Europe, with a clear focus on Germany. Aside from language issues, the lack of experience with this type of consultation was cited as one of the reasons why stakeholders from countries outside of Europe did not respond.

### Topics covered by the online stakeholder survey

- Anti-corruption
- Anti-competitive practices
- Compliance
- Customer health and product safety
- Sustainable procurement
- Human rights
- Occupational health and safety
- Working conditions and employment
- Energy and greenhouse gas emissions
- Nondiscrimination/harassment
- Data protection
- Sustainable products
- Freedom of assembly/collective bargaining
- Waste management
- Economic performance
- Water
- Training/career management

Apart from the relatively low number of responses, the regional distribution also limits the informative value of the survey. However, since the survey revealed a high degree of correspondence with the practices of external stakeholders determined as part of the desktop analysis, the results were considered to be sufficiently meaningful. The second step involved management discussing and rating the topics. The rating of the topics by external stakeholders and by management is shown in the following materiality matrix.

## Materiality matrix

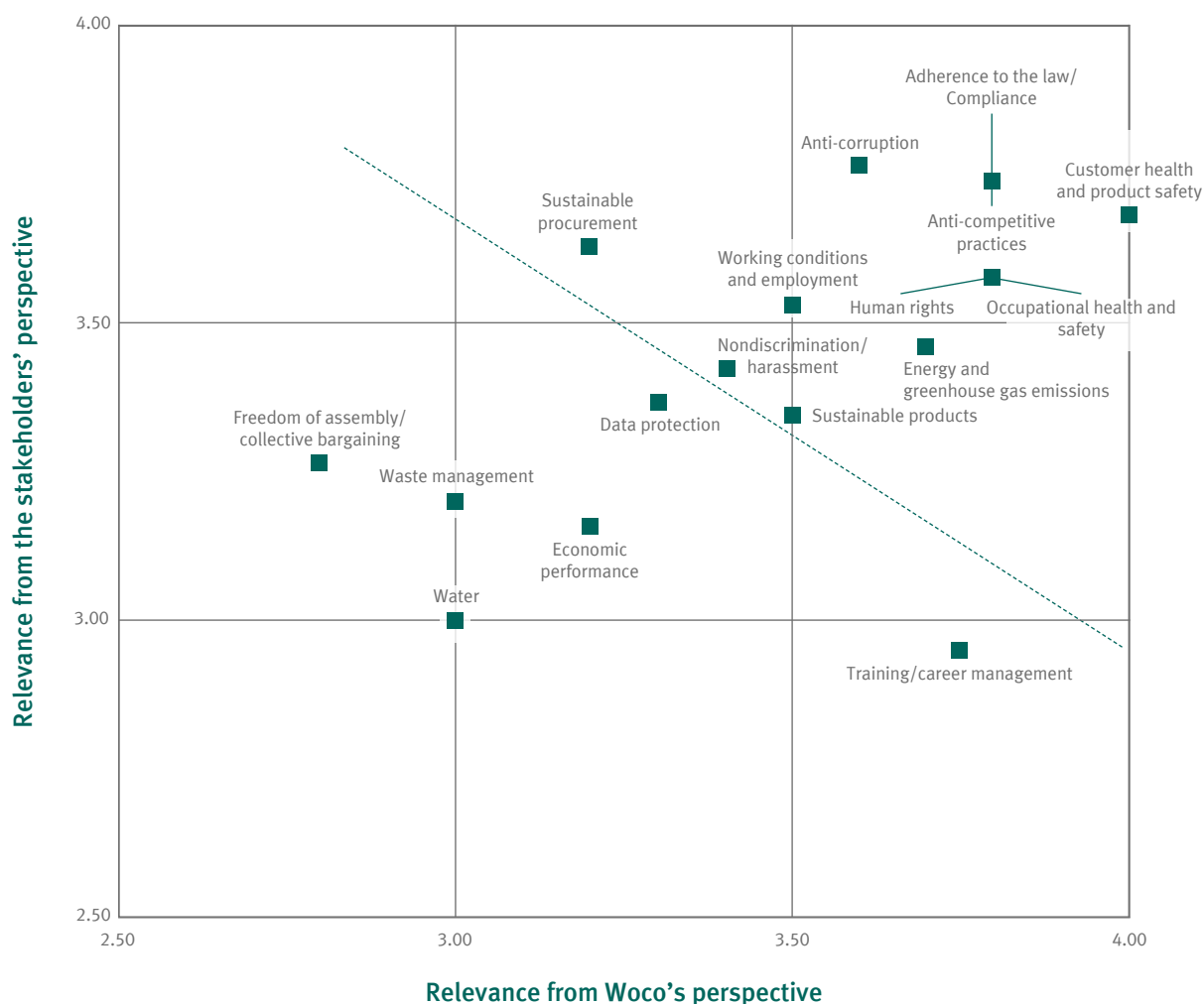


Figure 5

The core sustainability team made the final selection of topics for the sustainability report on this basis, coordinated the selection with the sustainability team and presented it to the Executive Board in advance. The dashed line differentiates those topics identified in the overall assessment as unambiguously material from the remaining ones.

**This demarcation results in the following material topics for this report:**

- **Compliance:** Compliance with the law – anti-competitive practices – customer health and product safety – anti-corruption (Section 2)
- **Employer:** Working conditions and employment, occupational health and safety (Section 3)
- **Products:** Sustainable products (Section 4)
- **Environment:** Energy and greenhouse gas emissions (Section 5)
- **Supply chains:** Sustainable procurement (Section 6)

We plan to update the initial materiality framework over the course of the following reporting period and expand it, if necessary. In our experience, dialog with stakeholders, especially those outside of Europe, is still unfamiliar in many cases. Integrating stakeholders will require a different approach in this regard.



# 02

## Woco as a responsible business partner

16

2.1 Compliance – Anti-corruption,  
Anit-competitive conduct

17

2.2 Product safety

20



The Woco Group regards proper conduct marked by integrity as the basis for values-driven corporate governance geared toward sustainability – and thus as key to economic success.

A company has the power to credibly address demands related to social concerns (employees) and the environment (i.e., nature), in addition to financial requirements, only by acting with integrity, complying with laws and regulations, and by not offering or taking bribes.

Compliance in general and anti-corruption and the avoidance of anti-competitive practices in particular were ranked as having a very high degree of materiality in the stakeholder survey conducted before this sustainability report was compiled.

Product safety was also designated as a material concern.



**“THIS CODE OF CONDUCT SERVES AS AN INTERNAL BASIS THAT ALL EMPLOYEES CAN USE FOR GUIDANCE.”**

Bernhard Nagl, CFO



## 2.1 COMPLIANCE – ANTI-CORRUPTION, ANTI-COMPETITIVE CONDUCT

### Principles/guidelines

In order to live up to this standard, the Woco Group has specified the following values in its Code of Conduct and related training documents:

Reliability, openness, trust and mutual esteem are the cornerstones of the culture of the Woco Group. We live out this culture together with our business partners and employees, and it is the basis for close and successful cooperation.

Woco is aware of its social responsibility and upholds the principles of the UN Global Compact. Woco and its employees comply with laws, regulations and guidelines.

Excerpt from the statement of the CFO on the Code of Conduct and the training documents provided for this purpose:

“The key to profitable growth and success may be found not least of all in Woco’s corporate culture. Proper conduct marked by integrity as well as fairness help build a good reputation for a company and are also key criteria for the economic success of a global corporation. [...]”

“Universal ethical standards, such as the UN Global Compact, supplement the internationally applicable legal requirements. Proper conduct marked by integrity may be determined from the applicable legal regulations and the supplementary ethical standards. [...]”

By making these values an integral part of our value system, the Woco Group aims to contribute to the achievement of Sustainable Development Goal 16, which calls on organizations to do their part in creating peace, justice and strong institutions.

### Basis: Code of Conduct of the Woco Group

### Management

A key compliance management tool is the Woco Group’s Code of Conduct, which is meant to provide uniform, practical and consistent guidance on proper conduct marked by integrity in everyday business situations.

The Code of Conduct covers a wide range of issues, such as conflicts of interest, social responsibility and working conditions, corruption and bribery, as well as environmental protection, information security, conduct toward competitors, etc.

In addition, the Code of Conduct governs how to act in cases of suspected or observed violations of applicable law or provisions of the Code of Conduct (refer to the section on the reporting chain for violations).

The Code of Conduct applies to all Woco Group companies, both in Germany and abroad, as well as to all companies in which Woco holds a majority stake, whether directly or indirectly. All temporary employees and anyone who acts on behalf of Woco are also subject to the Code of Conduct. The Code of Conduct and the related rights and obligations are communicated clearly to all employees.

The Code of Conduct extends to internal operations at the company and external relations with customers, suppliers, politicians, administrative officials and other parties and individuals. The UN Global Compact has been included in the Code of Conduct as a standard of corporate conduct.

#### Corruption prevention – anti-competitive conduct

The Code of Conduct provides extensive guidance specifically on corruption prevention. Apart from black-and-white matters from a legal perspective, such as bribery and corruption, the Code of Conduct also specifies clear rules on potential conflicts of interest and accepting/offering supposedly minor favors, such as gifts, invitations or trips.

The same applies to preventing anti-competitive conduct, for which Woco has established clear provisions for avoiding any arrangements or collusion that would distort competition. At the same time, in case of doubt, employees are encouraged to seek additional clarification of a matter by an Executive Board member of Woco Franz Josef Wolf Holding GmbH.

The Woco Group established a comprehensive, central compliance management system in 2017 due to the major importance of these topics.

The aim of the Woco Group’s compliance management system is to ensure compliance with the applicable laws, regulations and guidelines and to counteract potential problems or violations. It serves to stave off material damages and prevent a loss of reputation.

The Compliance organization is responsible for performing compliance management. It is closely linked with Group-wide risk management.

The Compliance organization’s tasks are composed of three sections, specifically the duty to inform, to monitor and to document, as depicted in the following diagram:

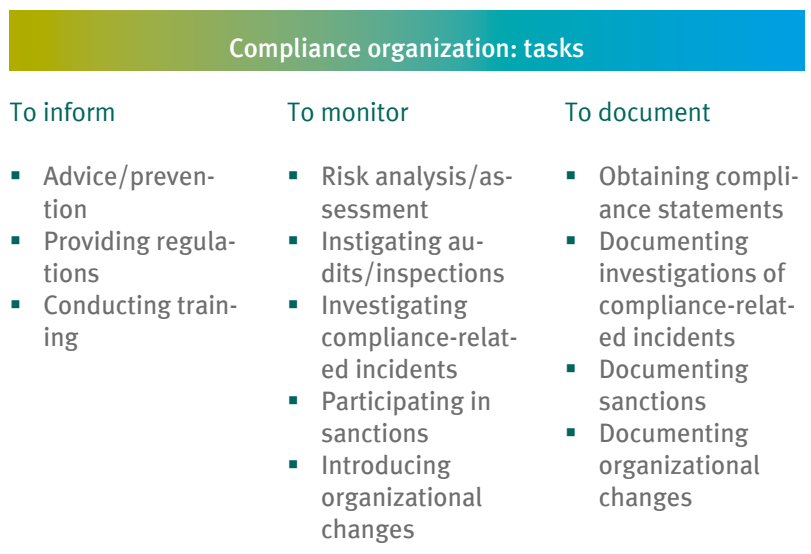


Figure 6

The Woco Group’s Compliance organization is headed by the Group’s compliance officer, who simultaneously serves as the head of Audit/Risk Management. This person reports to the Executive Board and, where appropriate, directly to the shareholders. The compliance officer is responsi-

ble for designing and managing the activities intended to inform of, monitor and document related efforts.

Situated below the compliance officer are the risk coordinators for individual locations or companies, who carry out the Compliance organization’s tasks at a local level and report to the Group’s compliance officer. Training is overseen by the respective plant managers, who are responsible for having new employees trained by June 30.

### Compliance training

A compliance training course that has been launched across the Group provides employees with in-depth explanations of the Code of Conduct’s content and context. Training is carried out by plant managers using standardized materials. When necessary, the documents have been translated into other languages. The training programs kicked off in the first half of 2017, and by June 30, 2017, almost 100 percent of employees had completed it.

An ongoing training obligation is in place at all locations for new employees. For example, a block covering the Code of Conduct is incorporated into the onboarding session at our headquarters in Bad Soden-Salmünster. At our factories in China, this is covered by a training manual that all employees must read and countersign.

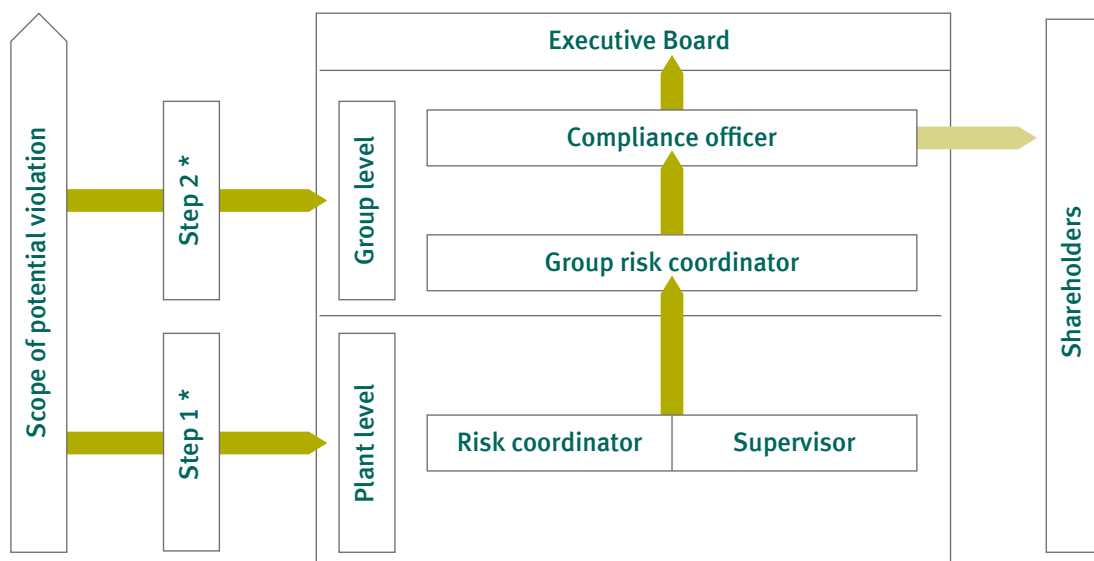
### Reporting and managing incidents and violations

The Code of Conduct provides clear rules on how to submit complaints and report violations. The first step is to notify the respective supervisor or competent risk coordinator. Should this not be possible or if the incident poses a risk to the company as a going concern, then the compliance officer should be notified directly. The compliance officer can be contacted at a uniform email address (compliance@de.wocogroup.com). An emergency number has also been set up for urgent cases. To streamline reporting, a form is available in the appendix to the Code of Conduct.

All notifications submitted by employees will be handled confidentially, upon request. Employees who report a violation in good faith will be protected and in no way disadvantaged due to their notification.

The compliance officer observes strict confidentiality when handling incoming notifications. If necessary, the compliance officer will conduct interviews and other investigations and notify the Executive Board of all incidents.

## Compliance organization: Reporting chain for violations



\* Step 1 only in the absence of actual reasons to the contrary

### Reporting flagged violations and external sanctions

The creation of a comprehensive Code of Conduct and the establishment of a Group-wide Compliance organization in early 2017 marked important milestones for Woco in its efforts to set up an effective compliance management system.

Now that it has been successfully implemented, focus has shifted to instituting Group-wide monitoring of key figures for reported violations, steps taken and external sanctions and penalties that Woco imposes. The plan is to make a periodic inquiry into reported violations and measures, which is scheduled to take place in May.



rated in the stakeholder survey as being a material concern from the stakeholders' perspective.

Through sustainable production methods, we aim to guarantee the health of our (end) customers and thereby do our part for Sustainable Development Goals 3 and 12.

From an internal perspective, the issues of fail-safe operation, further processing and disposal are key. A direct impact on occupants of a vehicle due to chemical or mechanical properties is less relevant when it comes to our products, since they are not usually installed in the passenger compartment.

### Compliance-related challenges and goals

In addition to the establishment of a Group-wide monitoring system, the evaluation of the experiences gathered since the launch of the compliance management system also lies ahead. Other planned steps include systematic risk screening of the various parts of the Group. The inclusion of compliance management in the internal audits performed by Group Audit is also in the works.

### Implementation

Based on Woco's direct responsibility for the safety of its products, liability and risk concerns play an important role. The provisions of international quality standards as well as sector- and customer-specific requirements therefore serve as the foundation of our actions, which include appointing one product safety officer per location, who has completed a related external training program. As part of our internal management systems, the relevant provisions are incorporated using procedural guidelines.

Internal audits and monitoring performed by an accredited certification company are the tools used to check the quality system's effectiveness, to certify the system and to adapt it to the growing demands of the market through continuous development.

Woco supplies the necessary information on material composition for all automotive products through the International Material Data System (IMDS)<sup>7</sup>. In addition, Woco verifies that the limits of certain substances have not been exceeded by issuing declarations of conformity, for example in accordance with the Restriction of the Use of Certain Hazardous Substances (RoHS) Directive.

Any problem cases are immediately addressed by the Group-wide quality management team in close cooperation with the customers and, if necessary, the competent authorities.

Due to the sensitive nature of this data, the Woco Group does not release any key figures or information on potential incidents.

## 2.2 PRODUCT SAFETY

### Foundation

"The fulfillment of the requirements and expectations of our customers is at the center of all activities of the Woco Group. Quality motivates the thinking and actions of our employees" – this is the wording from the Woco Group's quality policy with regard to the Woco Group's quality standard.

### Where may effects occur?

This includes the unconditional safety of our products both in further processing and for the end users of automobiles or industrial plants, and extends to the safe recycling or disposal of products at the end of their life cycle. Product safety was

<sup>7</sup> www.mdssystem.com





# 03

## **Woco as a responsible employer** 21

3.1 Employment, working conditions and anti-discrimination 22

3.2 Occupational safety and employee health 27

3.3 Social commitment 29

As a company in a knowledge-based sector competing on a global stage, motivated and well-qualified employees are Woco's greatest capital. They ensure the company's productivity, quality and innovativeness and regard the duty to meet customers' expectations as their guiding principle. In order to live up to this mission, Woco – as an attractive employer – seeks to ensure very high satisfaction levels among its employees with the help of the global HR team and all managers.

Other challenges include societal developments, such as the demographic shift in many industrialized countries or the growing importance of a healthy work-life balance. Woco also aims to take into account the different cultural backgrounds of its global locations in the company's deliberations on motivated and well-qualified employees.

Feedback obtained from consulting stakeholders also underscores the importance of this issue.

### 3.1 EMPLOYMENT, WORKING CONDITIONS AND ANTI-DISCRIMINATION

#### Where may effects occur?

Woco is aware of its responsibility as an employer and creates jobs with favorable working conditions and fair pay. Given that we have been operating globally now for many decades, collaboration in the spirit of diversity (involving people of different backgrounds, nationalities and gender) is both essential and highly valued. We are mindful of cultural differences, and it goes without saying that we do not tolerate any form of discrimination.

The Woco Group usually does not exercise direct control over the working conditions of its suppliers. Even so, clear standards and obligations apply here as well. They are described in Section 6 concerning sustainable procurement.

## Principles and guidelines

The Woco Group's values state:

“To achieve demanding targets in the markets, excellent performance is demanded from all employees. At Woco motivation is the most important driver and management promotes it in a targeted way.”

“Woco is aware of its societal responsibility at all locations and acts accordingly. The corporate group respects other cultures, creates model working conditions and contributes to the common good.”

These values are complemented by the Principles of the UN Global Compact, to which Woco is committed:

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Additional principles are stipulated in the Woco Group's Code of Conduct:

- Rejection of exploitative working conditions
- Recognition of the right to organize in a union
- Right to fair pay
- Equal employment opportunities and protection against discrimination
- Rejection of child and forced labor
- Compliance with all applicable regulations on working hours, regular paid vacation, etc.

Through these efforts, Woco is contributing to the achievement of Sustainable Development Goal 4 (Quality Education), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 10 (Reduced Inequalities) and Goal 16 (Peace, Justice and Strong Institutions).

Woco also adheres to the applicable collective agreements depending on the region and country. In countries where there are no collective provisions, we adhere to the minimum requirements of the respective country. Due to the heterogeneous provisions, Woco does not keep statistics on the percentage of staff employed within existing collective agreements.



## Employee development – key figures

The number of overall employees corresponds to the headcount of all employees who have a temporary or permanent employment contract with Woco. Inactive employees (parental leave, leave of absence, extended sick leave, etc.) are displayed in a separate column. The number of inactive employees also factors in a correction for part-time workers, in order to correctly calculate full-time equivalents.

Temporary employees are accounted for as well, which include staff from employment agencies, temporary workers, university students working on a thesis and interns. A part-time correction factor has been applied to the temporary employees as well.

The Woco Group does not keep statistics on the number of full- and part-time workers, since there is a wide range of working hour models in the various countries.

### Number of employees by region and type of contract

Region	Total headcount	Of which in training	Of which temporary	Inactive employees	Total headcount excluding inactive employees	Temporary employees	FTE
Americas	724	1	0	4.0	720	46.2	766.2
Asia	534	14	151	0.0	534	485.0	1,019.0
Europe	3,214	97	519	213.6	3,000.4	258.2	3,264.6
Total	4,472	112	670	217.6	4,254.4	789.4	5,049.8

Table 2 (as of December 31, 2016)

## Training, recruiting and employee retention

Employee training provides the foundation for the company's long-term development. In 2016, Woco hired more than 1,000 new employees, almost 42 percent of whom were women.

Table 3 also shows the breakdown of new recruits in 2016 by region and age group.

### New recruits by region, gender and age

Region	Joined in 2016	Younger than 30	30 to 50 years old	Older than 50
<b>Americas</b>	312	227	79	6
Women	152	105	45	2
Men	160	122	34	4
<b>Asia</b>	131	90	39	2
Women	26	15	11	0
Men	105	75	28	2
<b>Europe</b>	639	259	324	56
Women	274	96	146	32
Men	365	163	178	24
<b>Total</b>	<b>1,082</b>	<b>576</b>	<b>442</b>	<b>64</b>

Table 3 (as of December 31, 2016)

Worldwide data on employee churn rate broken down by gender or age group is not available.

The average length of company service further provides information on employee loyalty, although the differing regional growth rates must be taken into consideration. New recruits hired due to the establishment of new locations and increased staffing lower the average length of company service.

Average length of company service			
Region	Women	Men	Total
Americas	1.8	2.4	2
Asia	4.3	4.3	4
Europe	8.4	9.8	9

Table 4 (as of December 31, 2016)

When it comes to recruiting, Woco partners with schools and universities in and around a given location and provides extensive opportunities for internships, working on degree-related theses and factory tours. Woco also regularly participates in job fairs and recruitment days.

In 2016, there were 97 trainees at Woco’s German locations in 16 different vocational fields. Felix Gütlein, who was named the best trainee across Germany in the field of tool engineering with a focus on molding technology, completed his vocational training at Woco in Bad Soden-Salmünster.

Vocational training as part of a dual system that combines studies with work experience is of great importance, especially in Germany. In addition, Woco offers five study programs in cooperation with the Baden-Wuerttemberg Cooperative State University Mosbach.

Woco is in close contact with renowned universities in the various regions. One good example is our plant in Mexico. Woco Tech in Mexico and the local Universidad Tecnológica de Querétaro partner closely to train the next generation of engineers in the field of plastics. Woco plays a significant role in this partnership initiated by the independent regional manager with regard to the development of the curriculum in order to already provide students with the necessary technical expertise at Woco in the course of their studies. Among other ways, Woco achieves this by sponsoring machinery for the vocational training, and the efforts are paying off: Woco has already hired several students with potential who actively support us in our business.

The CEO and head of Advance Engineering in China are also available to step in as professors for guest lectures that provide students with practical expertise and position Woco as an attractive employer.

Moving forward, Woco will continue to look for more opportunities to create and further develop excellent training opportunities at its international

locations, particularly with a view to opportunities that combine theory and practice as based on the German model of dual studies.

### Employee satisfaction – inclusion of employees

The inclusion of employees is ensured by the fact that, as a rule, all important documents, such as the Code of Conduct, are provided on the Woco intranet in German and English. In addition, every plant manager is responsible for having relevant documents translated into the respective national language, such as Spanish or Chinese. In China, for example, the manual that every new employee receives was translated into Chinese so that all employees know what their rights and obligations are and understand Woco’s internal rules.

Employee surveys are a key tool for measuring employee satisfaction. Most locations already conduct them at regular intervals.



Figure 8

The positive overall outcome of Woco's 2016 employee survey, including in an industry comparison, was documented by a certificate from the Institut für Strategische Personalführung und Arbeitszeitgestaltung (Institute of Strategic Human Resources Management and Working Time Organization), which issued a score of "EXCELLENT."



We are proud of the fact that the editors of Focus magazine, in cooperation with the platform www.kununu.com, named us one of the "Best German Employers in 2016" in general and in the "Automotive and Supplier" category.



Figure 9

As in 2014, a survey was carried out in 2016 at the Bad Soden-Salmünster, Lahnstein and Steinau locations. The response rate for the survey stood at 85 percent in 2016. In total, 95 percent of respondents indicated that they like working at Woco.

Woco is now planning to conduct its first global employee survey in 2019. Standardizing the survey's contents and a methodical approach will make it possible to perform global analyses.

The employee surveys identify where there is room for improvement and help translate this potential into specific measures.

Through the Bad Soden-Salmünster employee survey in 2016, it was possible to define 97 specific measures in 17 divisional areas. More than 90 percent of these measures were being implemented or had already concluded as of July 2017.

Working groups were created in every division, which came up with division-specific action plans. The results of the measures' implementation were compiled in one uniform report under the lead of HR.

In addition to the employee survey, a company suggestion scheme is available to the employees at various locations. It is meant to take advantage of employees' know-how and incorporate it into the company's development. The Kronach site boasts sustained high levels of employee participation, involving topics that cut across divisions and disciplines.

**2015:** 160 suggestions  
**2016:** 149 suggestions  
**2017:** 265 suggestions

At several locations in Germany, Woco offers confidential and anonymous social counseling for employees, which is provided by external professionals. It enables employees to seek advice and help with personal or professional problems and crises.

As a family company, Woco is particularly committed to reintegrating employees on parental leave back into the professional setting. Of note in these efforts is the regular contact that Woco maintains with employees while they are on parental leave. At Woco's German locations, employees returning to the workplace resume their original line of work nearly without exception.

Other measures for boosting employee satisfaction extend to support for sports activities and events (e.g., family days). For cultural reasons, holding family days at our locations in India in particular is an important tool for raising employee satisfaction, and we at Woco are happy to lend our support.

Woco also believes that it is important to pay special tribute to employees with a long service record at the company. For example, the annual celebration for long service was held once again in Bad Soden-Salmünster in early December 2017. Company founder Franz Josef Wolf and CEO Dr. Hans Jürgen Kracht took the opportunity to congratulate 47 employees who have been employed at Woco for 25 years or more. In addition, 10 employees from Bad Soden-Salmünster were acknowledged as they entered retirement.

These efforts are recognized by external certifications, which we are very proud of.



## Career management

Woco has introduced an annual employee review and goal-planning session as two parts of a global process. The employee review involves setting key responsibilities that reflect the collaboration to date, as well as defining interests, development prospects and measures to enhance the employee’s qualifications. The related goal-planning session serves the operational implementation of the goals down to the level of individual employees. Detailed key figures are available for several locations, such as headquarters.

Based on the development measures fixed in the employee reviews, the respective HR Development division then carries out the professional development activities year-round. Apart from central budgets for strategic development measures, a set amount of money is also available per employee.

Woco developed a global talent management process in 2016 as yet another component, which has already been introduced in select units, such as headquarters in Bad Soden-Salmünster and at the location in Mexico. It systematically fosters employees with potential and provides them with tailored development opportunities. Within the scope of the analyses, efforts are also made to identify positions that are key to the company’s success and which require targeted succession planning. The plan is to roll out this process globally at Woco by 2020 at the latest.

### Diversity: Speaking the same language – communication between the plants

As a globally operating company with employees from more than 35 countries, our goal is for all employees to speak a common language. Since not all employees possess business fluency in English, Woco makes it a priority to help them develop the corresponding foreign language skills. While the company has hired a full-time English teacher in Mexico, for example, the HR Development division at headquarters has launched a new and innovative training setup for online language courses. Language learners have the opportunity to learn their target language with others from around the world in online units – with complete flexibility in terms of when and where they do so.

## Employee reviews and goal-planning sessions for 2017

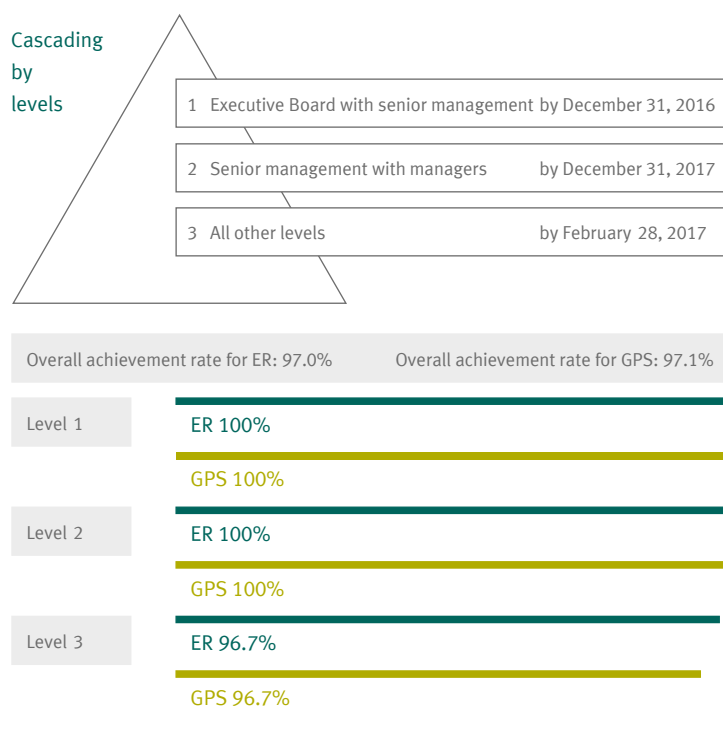


Figure 10

## Incidents and incident management (social compliance)

The Woco Code of Conduct lists detailed contact options for employees to report incidents and violations. In such cases, the key contact is the Group’s compliance officer, as well as the risk coordinators of the individual plants in their role as trusted representatives. The Code of Conduct also contains a form that employees can use to report violations in detail. The form allows for the possibility of anonymous whistle-blowing.

In Germany, the Works Council and all HR employees are also available as contacts for handling complaints.

The Code of Conduct likewise provides detailed guidelines on the in-house processing of incidents that have been reported (refer to Section 2).

Global statistics on reported violations with regard to social compliance are not available yet, as priority was given to creating the basis for compliance management (Code of Conduct, compliance officers, training, etc.). However, plans are in place to introduce monitoring activities in the course of Group-wide compliance management.

## Challenges and goals related to employment, working conditions and anti-discrimination

Outcomes and performance indicators as well as special circumstances and developments undergo analysis in the annual management review, which is used as a basis for deciding on measures, goals and priorities for the upcoming year.

In 2017, Woco launched a process to develop an overall HR strategy, which the overall Woco strategy is meant to implement in HR-relevant matters. The process is scheduled to conclude in 2018.

However, strategic areas of focus for Woco include employer branding, recruiting, employee retention and employee qualification. For example, Woco set itself the goal for 2017 of filling 90 percent of all vacancies within three months.

When it comes to due diligence pertaining to human rights, we plan to step up efforts even further at our own locations. While the Code of Conduct and related training measures form the basis of our actions, we nonetheless want to screen for risks based on external data. Doing so will enable us to deliberately strengthen our efforts in certain regions. We will examine whether our previous approach is adequate.

Against this backdrop, we will be implementing internal social sustainability audits.

## 3.2 OCCUPATIONAL SAFETY AND EMPLOYEE HEALTH

### Where may effects occur?

Woco's responsibility for the safety and health of employees extends to staff directly employed or brought in by Woco. Particular workplace hazards may arise at a processing plant with processes that require the use of machinery and chemicals, which is why Woco established a health and safety policy back in 2007.

We assume limited responsibility with regard to workers brought in by external service providers as well as external companies that operate independently on Woco factory premises, since we are not authorized to issue instructions. However, it goes without saying that we keep occupational health and safety concerns in mind as part of hazard assessments and briefings. Before a job begins, companies must confirm that they will comply with Woco's external company policy.

Woco also expects suppliers to comply with all legal obligations and to actively commit to ensuring health and safety (refer to Section 6 on sustainable procurement).

### Principles and directives

The aim of management is to prevent accidents and improve operations. We seek to increase employee satisfaction through model working conditions and thereby also contribute to customer satisfaction.

The central reference is the Woco Group's health and safety policy, which is binding for all locations and whose standards go beyond meeting the legal requirements. The first version was prepared back in 2007, which was revised in 2015.

It specifies rules and requirements for the following issues:

- Exemplary role of supervisors
- Providing necessary work equipment
- Knowledge transfer at all levels and in all locations
- Respecting the duties and rights of all employees
- Ensuring the safety of machines and processes
- Communication with partners



### Key figures

At the moment, only accident figures and aggregated periods of absence as a result of accidents per region are reported.

Internationally standardized performance indicators, such as the incidence rate and lost-time rate, are not yet compiled for specific locations. However, an initial approximation of them may be made using the available FTE figures:<sup>8</sup>

Through these efforts, Woco also supports Sustainable Development Goal 3, which focuses on health and well-being for all.

### Implementation

Occupational health and safety concerns have been an integral part of the locations' form on environmental aspects in place since 2002. Internal management systems have therefore focused on occupational health and safety concerns for a long time already.

The implementation of the Woco requirements from the health and safety policy is the responsibility of the individual locations under the leadership of plant management. Each location aligns these requirements with the respective legal regulations.

As a result, every plant is tasked with setting up an internal system – including occupational health and safety guidelines as well as emergency plans – necessary for meeting the location's respective requirements. This system is put into practice in part by the location's own staff, which can point to related training courses, and in part by external service providers who are brought in for support.

At the German plants, for example, health and safety officers have been appointed, as have first-aid providers and fire protection assistants. Larger plants have their own detailed health and safety guidelines and emergency plans. In addition, employees can get in touch with the contacts listed in the Code of Conduct if they observe any violations (refer to Section 2).

Accident figures				
	Accidents			Period of absence
	1–3 days	> 3 days	Total	Hours
Americas	3	13	16	529
Asia	0	1	1	336
Europe	12	41	53	7,757

Table 5

### Challenges and goals related to occupational safety and employee health

Outcomes and performance indicators as well as special circumstances and developments undergo analysis in the annual management review, which is used as the basis for deciding on measures, goals and priorities for the upcoming year. They include the following:

- Reducing accidents at work (> 3 days of absence) at the Woco Group by 20 percent year on year
- Creating uniform basic structures in the management system by introducing the BG seal of quality for German locations
- Using empirical values and a solid foundation for preparing external certification of the health and safety management system
- Global rollout of ISO 45 001 at production locations by 2019

<sup>8</sup> Assumption: 1,760 working hours per FTE and year

### 3.3 SOCIAL COMMITMENT

The way that companies show their commitment to society can take many forms, including donations, the integration of people in need of assistance and refugees, or respecting cultural practices.

#### **Partnering with Behinderten-Werk Main-Kinzig e.V.**

Since 2009, Woco has been partnering with Behinderten-Werk Main-Kinzig e.V. (BWMK) at the Bad Soden-Salmünster location.

BWMK provides assistance and services to people with disabilities. In dialog with the people the organization helps, BWMK tailors its offerings to enable individuals to participate in society and to lead their lives in a self-determined manner to the greatest extent possible. The organization's efforts aim to include people with disabilities in society.

An average of 25 people from the BWMK work at the location. Through the work they perform, the BWMK employees build self-confidence. They enjoy working at Woco and feel that they are needed. The relationship between BWMK and Woco employees is very friendly and courteous.

Woco fully intends for the successful, long-standing partnership, which offers new insights for both sides, to continue.

### **Donations, contributions and sponsorships**

The Woco Group supports sports clubs and other organizations – particularly in the vicinity of headquarters in Bad Soden-Salmünster – through donations, contributions and other sponsorship activities. Other plants, both in Germany and elsewhere, such as India and Mexico, also make donations.

These efforts are further joined by special occasions, such as the 80th birthday of company founder Franz Josef Wolf. To honor this milestone, a donation was made to a children's home for the blind in Budapest to provide it with financial support.

### **Cultural practices**

As part of the plant expansion of Woco Tech México, the construction of a small chapel located at the staff entrance was also included in the plans. Featuring a statue of the Madonna (the Virgin of Guadalupe), who is the patron saint of all Mexicans and highly venerated, the chapel seeks to accommodate the religious needs of the employees (approximately 88 percent profess to be Roman Catholics) within their working environment as well.



# 04

Woco as a partner for sustainable products



Personal mobility and with it the automotive sector in particular are facing immense challenges and upheavals. In our role as a supplier, we have the task of promptly seizing on these developments and incorporating them into our business strategy.

A key focus for us as a supplier is customer orientation, which we aim to continuously enhance. The basis for doing so is the development of functions, materials and processes that lead to new product solutions for customers. It is necessary here to provide for an efficient framework while taking into account changes in market requirements from the fields of digitalization and sustainability.

This is why all shareholders and Works Councils engaged with the Executive Board in in-depth discussion about future mobility concepts at a strategy meeting in November 2016. Woco is well positioned in the automotive sector and has good prospects of achieving growth in the future, particularly with regard to hybrid and purely electric vehicles. However, Woco can also offer innovative component and system solutions for alternative forms of mobility, such as rail transport, or in the field of renewable energy. This diversified product range is a strength of the Woco Group, although the focus is on the automotive sector,

where we are seeing a sharp rise in demand from customers for technology that reduces consumption and emissions. Apart from fuel-related CO<sub>2</sub> emissions, the focus here also extends to other air pollutants, such as particles and nitrogen oxide.

As agreed on at the strategy meeting, Woco has begun preparing for the looming transition to alternative – especially electrified – drivetrain technologies. Preparation entails reassessing and adapting the existing product portfolio for use in electric and hybrid vehicles, developing entirely new solutions and tapping into new market segments, such as thermal management for high-voltage battery technology.

Apart from these numerous issues that are functional in nature, the use of recycled materials, the reduced use of rare or resource-intensive materials in the production process as well as the reuse of products at the end of their life cycles continue to be of particular importance. Our products also play a role in creating a more comfortable experience for car users by reducing noise, vibration and harshness.

Last but not least, a high-quality product that functions reliably for the entire lifespan of a car offers benefits regarding economic sustainability from the perspective of end customers.

The goal of product development is to create product benefits compared to existing solutions and the competition – and to do so while observing all other quality and functional requirements.

The diversified product range is regularly aligned with the demands of lawmakers, customers and stakeholders. Two environmental issues were consequently identified in the stake-

holder survey as material: sustainable products and energy and greenhouse gas emissions. In this section, we present the efforts we have made to lead our product range into the future through innovation.

## Principles and guidelines

The Woco Group's values state:

The corporate group is obliged to protect the environment. Woco develops and produces products that reduce environmental effects and ensures the conservation of resources during the entire product life cycle. Furthermore, Woco's products should also contribute to the societal appreciation of the automobile, as well as positively increasing all the other products of our customers.

In our Code of Conduct, we express our commitment to supporting and promoting the use and development of new product and manufacturing technologies that conserve natural resources, enable recycling, reduce environmental pollution to the greatest extent possible and protect our natural environment. Our employees are encouraged to exercise their duties in awareness of their responsibility for the environment, identify environmental and occupational health and safety problems, and seek advice on ways to comply with the corresponding laws.

In dealing with technologies, materials and methods, we are guided by the principle of precaution. This means that we always take steps to limit the negative impact on people and the environment from the start, even in light of incomplete findings or when more research is necessary. With this aim in mind, new processes and products are subject to risk assessment.

We are therefore addressing Sustainable Development Goal 12 by ensuring sustainable consumption and production patterns.



### Sustainable product development at Woco

Leading the way in the optimization of product-related sustainability is Advance Engineering, which is centralized at headquarters. This is where the basis for innovative materials, products and manufacturing processes is created.

Issues related to materials, such as the procurement, testing and use of recycled materials, are closely coordinated with the customer. As part of project management across Woco's in-house product development process, Purchasing reviews the availability of materials, such as recycled materials.

### Investing in the future – new materials development center for elastomers and plastics

Materials expertise in elastomers and plastics is a unique selling point of significance in our competitive environment. Nowadays, we develop and manufacture our elastomer recipes almost entirely by ourselves, as well as the tools and process-related technology needed for production. We plan to take a similar approach in the future when it comes to developing our own special plastics.

The Woco Group has therefore drafted plans for an innovative center of excellence for the development of materials at Bad Soden-Salmünster, which is currently under construction. This center will make it possible to pool the knowledge from various areas of expertise as an effective means in particular of advancing and validating new or novel materials, material substitutes, reductions in weight and innovative surface finishes and manufacturing processes.

### Use of future forms of technology: additive manufacturing

Even though 3D printing is not yet a competitive solution in large-scale production, we aim to use the technology in Advance Engineering for various steps of the development phase in order to gain experience with it.

Drawings and 3D models are digitally prepared and processed in Development. Once accomplished, all authorized employees are able to view them with a 3D viewer within the product data management (PDM) system. In some cases, the

digital product models are used directly to create models of the product (additive manufacturing). A number of Woco locations already use 3D printers to create installation models.

### Innovation management

Woco's decision to introduce the ideas software known as Goldea ensures its ability to effectively collect, evaluate and channel ideas.

This software tool provides all of the information about every newly developed idea. A specified evaluation scheme is used to assess an idea's potential (from an economic and technical perspective), and the subsequent rating is made based on various evaluation criteria. The evaluation scheme thus ensures the ability to transparently trace the evolution of ideas.

Woco believes in the structured and regular exchange of information. In addition to regularly weekly management meetings, two innovation meetings are also held each year. They are a forum for presenting new ideas, evaluating them from a commercial and technical perspective and further developing them. Global management meetings provide the opportunity to assess the success of the innovation strategy and adapt it, if necessary.

### Collaboration with external partners

Alliances with external partners such as universities, research institutes, material testing institutes and associations are becoming increasingly important. Through our VDA membership, we are involved in pioneering implementation initiatives such as the "Development of guidelines for proper product evaluation using life cycle engineering" in order to address future market requirements at an early stage. Life cycle engineering analyzes and evaluates the environmental performance of products and technologies across the entire life cycle and with regard to all environmental aspects. Life cycle assessments pursuant to ISO 14040 serve as the basis and yield measures and recommendations for action for all divisions, starting from the product development process and spanning the entire life cycle.

By strengthening our partnerships, we are able to make a positive contribution to Sustainable Development Goal 17, which aims to revitalize global partnerships for sustainable development.

17 PARTNERSHIPS  
FOR THE GOALS



**Collaboration example:  
the electrohydraulic actuator grant project**

As part of a project funded by the state of Bavaria, efforts are under way to look into energy- and resource-efficient actuator solutions and optimize them for use at Woco plants. Coburg University of Applied Sciences and Art and the company Proionic are also involved in the project; the former is addressing materials and joining technologies, while the latter is dealing with the innovative use of ionic fluids. The project itself is supervised by VDE/VDI.

**Collaboration example: the plasma separator project for oil particle separation of crankcase ventilation systems**

Through the plasma separator project, Woco is resolutely focused on reducing emissions from combustion engines. The rate of particle separation from the crankcase ventilation system is nearly 100 percent, which ensures that residual particles in the combustion chamber do not lead to the formation of soot or result in a backfire. This innovative, plasma-based separation technology enables the separation of particle sizes up to  $< 0.1 \mu\text{m}$ .

**Product strategy/R&D outlook**

In light of the medium- and long-term challenges facing the automotive sector, we have created a clear vision in our Group strategy 2025+. Benchmarking processes and scenario analyses on products, processes and materials served as important tools.

For example, we have defined clear product/R&D strategies for our divisions that take into account the expect shift in drivetrain technologies and the resulting market forecasts.

Against this backdrop, we have adjusted our previous product range in the automotive sector with regard to innovative drivetrains.

We are creating product focus areas in order to more effectively develop in-house expertise. As a result, we are expanding our mechatronics and electronics portfolios, for example, and developing innovative thermal management solutions and battery casings for electric and hybrid vehicles. Products and solutions for fuel cell applications constitute another field. The aim is to take and adapt innovations and intelligent approaches from the Automotive area for the Industry division.

**Aspects: product functionality/use phase**

- Active oil separators prevent the formation of soot/particulate matter and facilitate more effective combustion by preventing condensation nuclei (separation rate of 99.9 percent compared to mechanical systems).
- Air intake system: reduced loss of pressure, greater efficiency
- Actuators: ideal tracking of setpoints, which improves adherence to desired operating conditions
- Thermal management: engine warms up more rapidly, shorter cold-start phase, fewer emissions
- NVH: less strain on vehicle occupants from noise, vibration and harshness

**Aspects: materials**

- Hybrid materials (e.g., plastics/elastomers; plastics/metals) with beneficial properties (e.g., reduced weight), for fewer components/processing steps (e.g., no separate seals)
- Recycled materials: e.g., membranes made out of recycled textile fibers with regard to elastomers, air filter media made out of recycled fabric; reinforcement materials such as waste glass, etc.

## Examples of sustainable products for automotive uses

### Use of alternative materials: Hood made out of bioplastic

Due to their wide range of applications (reduced weight, flexible usage, energy use in production), plastics have been the leading development materials in terms of chassis and powertrain for more than 30 years at Woco. Woco has also been looking into and pressing ahead with the use of bioplastics for more than 5 years. Initial positive results with polyamides in such elements as hoods show where the limits are, while also revealing the new applications.



To better use these new opportunities, Woco has established its own material development branch for high-performance plastics and joined it with the Advance Engineering organization.

### Plasma separator

Through Advance Engineering's innovative plasma separator project, Woco is focusing on improved particle separation to optimize combustion (> 99.9 percent) with regard to oil separation of crankcase ventilation systems and thus on the reduction of emissions for the vehicle as a whole.



Woco is also benchmarking this technology with regard to new possibilities for reducing aerosol and particle flows into the interior of the vehicle.

### Alternative e-mobility drivetrains, hybrid drivetrains, fuel cells, natural gas drivetrains

When it comes to e-mobility, Woco draws on its existing expertise in the thermal management of combustion engines for battery temperature control and air conditioning inside the vehicle. Heat transfer and the conservation of energy are the factors driving the developments.



New approaches to the development and presentation of electromagnetic shielding for control units and high-voltage switch units will make it possible in the future to use plastics instead of aluminum as the basic material for manufacturing components.

Products such as acoustic or thermal encapsulation systems, valves for cooling systems, seals, gaskets and decoupling devices have already been developed and are already in use in hybrid drivetrains.

For natural gas drivetrains, Woco provides technologies in the form of products such as special diaphragms for pressure regulation, seals, gaskets, decoupling devices and other technical components.

Since tapping into the possibility of fuel cells for passenger vehicles, Woco has offered a broad range of components – including the entire air supply system, partial exhaust system components and complete exhaust systems.

### Weight saving

Saving weight and therefore conserving resources is a primary development objective at Woco. The engine mounts of combustion engines, which are normally made out of aluminum, are one illustrative example. Woco has developed a hybrid technology out of plastic that not only delivers significant weight savings (> 20 percent), but also functional optimization with regard to acoustics and vibration technology.



## Examples of sustainable products for industrial uses

### Reduction in design space and weight – for wind turbines and more

The size of a component made out of the EFFBE high-performance elastomer Urelast can be reduced by 30 to 40 percent. Due to the elimination of the other necessary metal inserts, it weighs just one fifth of what comparable parts do. In addition, Urelast can withstand greater loads than other materials – up to four times more than ordinary rubber-metal bonds primarily used in gearbox mountings of wind turbines – and all with comparable properties.



EFFBE has combined Urelast with carbon-fiber-reinforced polymer (CFRP) materials for the first time. Components designed in this way are an alternative to metal disk springs, steel springs, coil springs and gas pressure springs.

### Use in drinking water applications

The butyl elastomer material developed at Woco 50 years ago for heating and drinking water applications remains in use for press fittings and has demonstrated its capabilities in practice. Since January 2017, this unique butyl material has been protected under the trademark “Woco Seals-Butyl.”



Through innovative product developments, the Woco Group is doing its part to build resilient infrastructure and promote inclusive and sustainable industrialization, which is how it is positively contributing to Sustainable Development Goal 9.



## Challenges and goals related to sustainable products

In recent years, Woco has significantly expanded its R&D capacities – and plans to continue investing in 2018. A brand-new advance engineering center – complete with extensive laboratory and testing facilities – is being built at headquarters in Bad Soden-Salmünster. The Woco Group will be investing around 10 million euros in this project and further strengthening Advance Engineering in structural terms.

Product Development is involved in the efforts to reach the goals pertaining to recycled materials. In addition, various project- and product-related development and implementation goals have been set for sustainable product development. One example here is the development of a unit partition made out of recycled carbon fiber.


For 2017, we set ourselves the goals of having

- at least 20 patent/utility model applications,
- 2 new product applications for the customer and
- 150 new ideas for the Woco ideas platform.

Sustainable product development and manufacturing are primary goals for the Woco Group for 2018 and beyond. The issues with priority are as follows:

- Greater use of recycled plastics
- Energy efficiency during production
- Expansion of activities focused on alternative drivetrains
- Increase in the number of suggested improvements and patent applications
- Prevention of waste
- Products for reducing vehicle emissions, especially CO<sub>2</sub>
- Specification of additional core indicators





# 05

## **Woco as an environmentally conscious company** 36

5.1 Environmental management at Woco 37

5.2 Energy and emissions 40

5.3 Other environmental aspects 44

As a manufacturing company with energy- and material-intensive production activities, our sustainability efforts have always focused on the environmental impact of our operations. The Woco Group's approach to sustainability centers on environmental protection, which forms the foundation of our wide range of activities.

The significance of the environmental impact results from the specific requirements voiced by lawmakers, customers and other stakeholders, among other factors. The constant evolution is also reflected in the inclusion of sustainability aspects in the new ISO 14001:2005 standard, which underscores the importance of greater stakeholder involvement and the perspective of the product life cycle while calling for an analytical approach that goes beyond the boundaries of individual locations.

The stakeholder survey has identified greenhouse gas emissions as a material environmental issue, underscoring the significance of this aspect. In the future, greenhouse gas emissions will be subject to science-based targets derived from the Paris Agreement. This section presents a general overview of environmental management followed by a detailed look at efforts targeting energy and greenhouse gases at Woco. It also profiles examples of our commitment to addressing further environmental issues, such as water, waste and buildings.

In addition, we will also show how we are working to comply with environmental regulations.



## 5.1 ENVIRONMENTAL MANAGEMENT AT WOCO

### Principles and directives

The Woco Group's values state:

The corporate group is obliged to protect the environment. Woco develops and produces products that reduce environmental effects and ensures the conservation of resources during the entire product life cycle. Furthermore, Woco's products should also contribute to the societal appreciation of the automobile, as well as positively increasing all the other products of our customers.

## Environmental policy

In our environmental policy, we express our commitment to supporting and promoting the use and development of new product and manufacturing technologies that conserve natural resources, enable recycling, reduce environmental pollution to the greatest extent possible and protect our natural environment. Our employees are encouraged to exercise their duties in awareness of their responsibility for the environment, identify environmental and occupational health and safety problems, and seek advice on ways to comply with the corresponding laws.

Our environmental policy names clearly defined areas of action and principles that emphasize the fields of production, logistics and development. It includes the environmental impact of our products in the downstream value chain, as well as the things we procure from our own suppliers and service providers.<sup>9</sup>

In doing so, Woco also makes a contribution to achieving the United Nations Sustainable Development Goals. In particular, we aim to promote the use of sustainable and modern energy (goal 7) and combat climate change and its impacts (goal 13) as part of our business operations.

What is more, Woco has pledged its commitment to the principles of the UN Global Compact:

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

In dealing with technologies, materials and methods, we are guided by the principle of precaution. This means that we always take steps to limit the negative impact on people and the environment from the start, even in light of incomplete findings or when more research is necessary. With this aim in mind, new processes are subject to risk assessment.

Our risk management guidelines also govern the monitoring and management of risks. The ability to take early action on risks with a low or unclear probability of occurrence, but high potential impact, also brings our precautionary approach to bear.

<sup>9</sup>The Woco Group's environmental policy is available at [www.wocogroup.com/Umweltpolitik.242.0.html](http://www.wocogroup.com/Umweltpolitik.242.0.html)

In 2002, we adopted an environmental policy that applied to all locations. At the time, we selected a broad approach to environmental protection. The environmental aspects cover traditional environmental topics, as well as aspects of occupational health and safety. As a result, these aspects have been a part of our operational philosophy since then. This comprehensive approach has proven its merit and continues to serve as the basis for the site-related evaluation of environmental impact to this day.

Our approach is accompanied by the implementation of internal environmental management systems at each location. We most recently revised the current Group-wide environmental policy in 2015 to reflect developments in this field.

External ISO 14001 certification confirms the functionality of a system that contributes to continuous improvement. As a result, all of our production sites largely have an ISO 14001-certified management system, with the exception of a few smaller facilities.

In keeping with the constantly growing importance of energy, we have expended our environmental management system to include the way we procure and use energy. Here too, we have adopted an energy policy that leads to the Group-wide implementation of an internal management system. External DIN ISO 50001 certification confirms the system's functionality at our main European locations.

Other focal points when it comes to environmental protection are the use of chemicals, compliance with the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation, and IMDS<sup>10</sup> (including duties related to compliance and documentation). Compliance is ensured through our commitment to quality assurance and through our approach to purchasing materials.

The Group's Environmental Management Officer is responsible for keeping the environmental management system up to date with the latest standards and promoting the continued development of Woco's system in line with requirements.

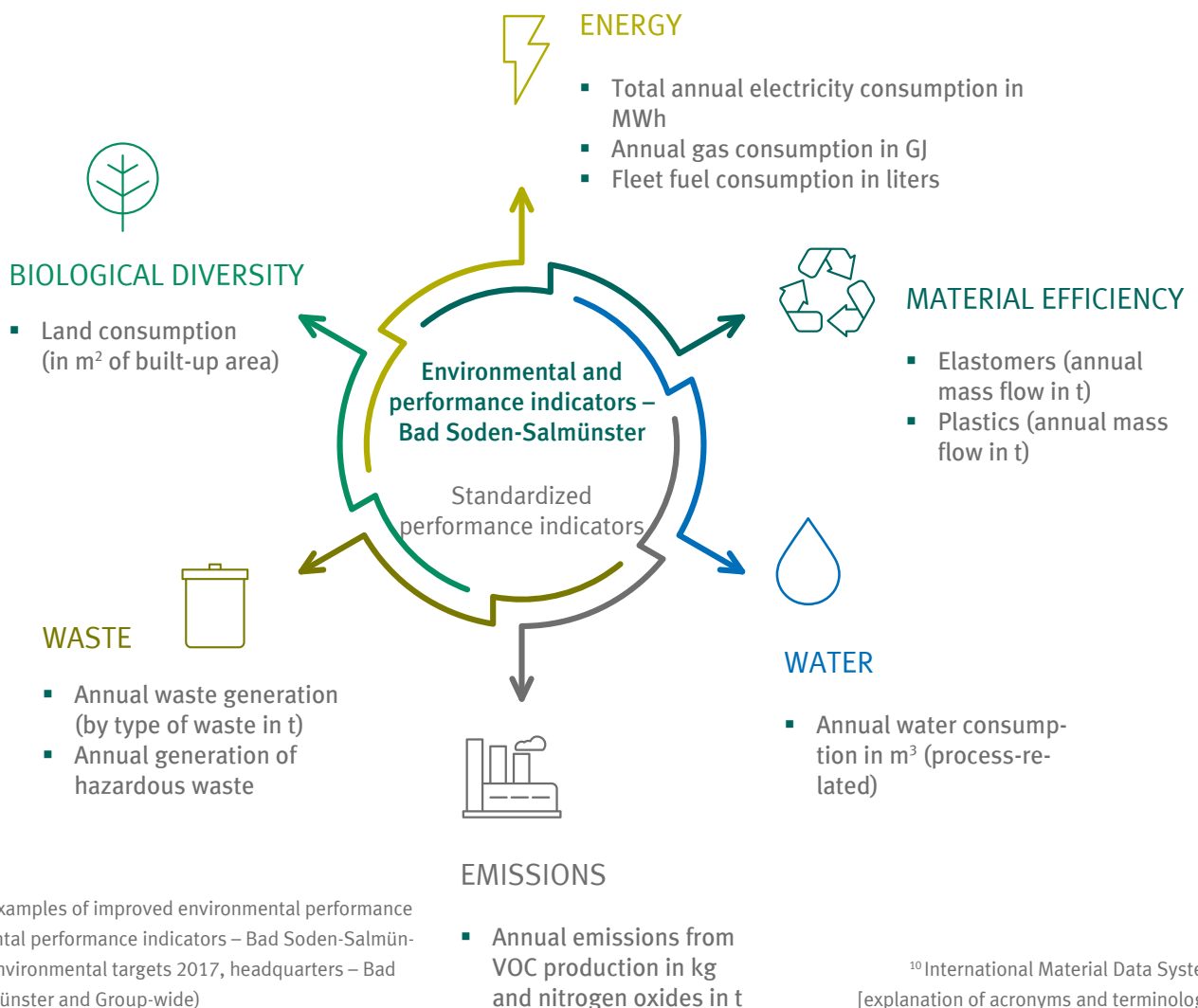


Figure 11: Examples of improved environmental performance (Environmental performance indicators – Bad Soden-Salmünster, focal environmental targets 2017, headquarters – Bad Soden-Salmünster and Group-wide)

<sup>10</sup> International Material Data System [explanation of acronyms and terminology]

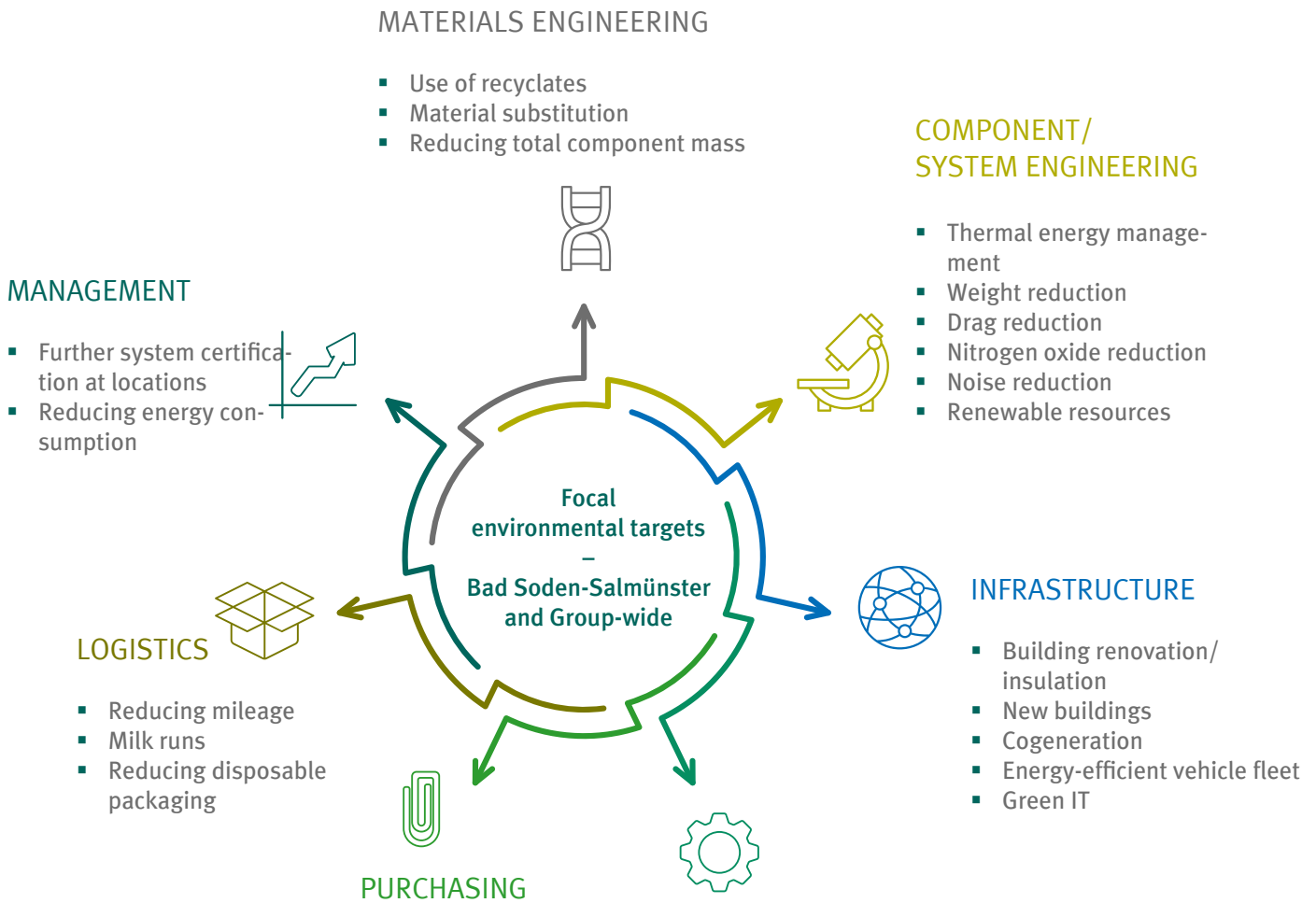


Figure 12: Examples of improved environmental performance (Environmental performance indicators – Bad Soden-Salmünster, focal environmental targets 2017, headquarters – Bad Soden-Salmünster and Group-wide)

The locations themselves are responsible for implementing specific measures and for compliance with the respectively applicable laws. Larger locations have dedicated Environmental Management Officers for this purpose. At the other locations, this task is the responsibility of the Plant Managers.

Internal and external environmental audits help the established standards. Legal conformity is reviewed in separate audits. Any deviations identified are addressed through changes at the plants. In addition, observed or suspected violations can be reported through the Woco Group’s Compliance Officers or to the local Compliance Officers (please see Section 4.1).

Group-wide environmental and energy targets are in place and have been included in the respective plants’ target agreements. Thanks to the wide-ranging spectrum of products, these targets

create minimum standards that can be optimized depending on local conditions. Energy efficiency and management have always been elementary parts of these targets.

The locations develop their own environmental programs that are designed to act as plans of action for ensuring the achievement of Group environmental targets while also taking into account area- and location-specific targets. The environmental programs define measures, required funding, schedules and responsibilities. The achievement of targets related to individual measures is regularly tracked and summarized in an internal management review. To do so, the effectiveness of environmental management in achieving our environmental targets is analyzed. If necessary, adjustments are made.

## 5.2 ENERGY AND EMISSIONS

### Energy consumption

As a manufacturing company, our locations' energy consumption plays a major role in the environmental impact of our business operations.

The production and treatment of plastic parts requires electrical energy to heat plastics processing tools. Additional significant processes include the vulcanization of elastomers and assembly. As a result, electricity consumption is determined by direct energy consumption related to manufacturing equipment and by secondary consumers related to compressed air and lighting, for example.

Storage and office buildings, as well as the vehicle fleet's fuel consumption, play a less significant role.

Processes and industries with relatively high energy needs, such as the production of plastic raw materials or metal products, also play a role in Woco's supply chain. Woco attaches great importance to sustainable procurement so as to minimize the resulting environmental impact to the greatest extent possible.

The following table shows the consumption of fuels, electricity and district heating in fiscal year 2016:<sup>11</sup>

Energy consumption in 2016	
Diesel	2,204 MWh
Natural gas	8,784 MWh
LPG	898 MWh
Heating oil	400 MWh
Electricity	78,449 MWh
District heating	3,966 MWh
<b>Total</b>	<b>94,701 MWh</b>

Table 5

<sup>11</sup> Source of data and methodology: The consumption figures were measured directly at the corresponding sites of the locations in kWh or multiples thereof, or were demonstrated through consumption billing by energy providers. Conversion into units of energy was necessary only for fuel consumption (diesel fuel: 1 l = 10 kWh). The total energy consumption of 94,701 MWh corresponds to 341 TJ.

In addition, Woco also operates four cogeneration plants at its Bad Soden-Salmünster and Steinau locations for the highly efficient, combined generation of heat and electricity. These plants were used to generate a total of 493 MWh of power in 2016 for consumption within the company. As a result, the company did not obtain a significant amount of energy from external sources.

Woco obtains its electricity from regional and/or national suppliers. The electricity mix corresponds to supplier-specific standards. At the present time, Woco does not yet purchase or generate electricity from renewable sources.<sup>12</sup>

### Electricity generation using cogeneration plants

Location	Start-up date	Electrical and heat output	
Salmünster, building 12	November 2013	30 kW	59 kW
Salmünster, building 2	July 2014	48 kW	91 kW
Salmünster, building 2	July 2014	15 kW	31 kW
Steinau, plant H1	December 2016	48 kW	91 kW

Table 6

### Energy efficiency in focus

Each location independently develops and implements energy efficiency measures, albeit according to Group-wide criteria that are based on ISO 50001 standards.

These standards include identifying and prioritizing potential, analyzing feasibility, and implementing and evaluating measures already taken with regard to the use of fuels, heat generation and electricity consumption.

<sup>12</sup> It is not yet possible to precisely determine the share of electricity generated by renewable energy due to regional and time-related variation, such as the share of renewable energy in the electricity mix or the share of biodiesel.



Employees are sensitized through the work instruction on energy-efficient conduct that applies at all Woco Group locations.

However, the reporting and combination of individual measures at Group level will need to be expanded in the future. As a result, aggregated data on the measures taken is available for just three main locations (Bad Soden-Salmünster, Kronach and Vsetín) for 2016. The 30 measures taken there in 2016 saved a total of nearly 10,000 metric tons of CO<sub>2</sub>e a year with regard to electricity and the use of fuels.

### Examples of energy efficiency at the Woco Group



COMPRESSED AIR OPTIMIZATION IN BAD SODEN-SALMÜNSTER



BUILDING INSULATION IN VSETÍN



NEW PRODUCTION FACILITY (AUTOMATION, COOLING CONCEPT) IN KRONACH

### Greenhouse gas emission management

Since fiscal year 2016, the Woco Group has calculated its corporate carbon footprint, including the relevant upstream and downstream indirect emissions. The corporate carbon footprint was calculated in cooperation with DFGE – Institute for Energy, Ecology and Economy in accordance with the standards of the Greenhouse Gas Protocol (GHG Protocol)<sup>13</sup>:

- Covered: direct emissions from owned or controlled sources (Scope 1), indirect emissions from the generation of purchased energy (Scope 2) and other relevant indirect emissions (Scope 3)
- Greenhouse gases examined: CO<sub>2</sub> and CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>. All emissions are presented in CO<sub>2</sub> equivalents (CO<sub>2</sub>e)
- Reference period: 2016 calendar year
- Consolidation approach: operational control (excluding minority interests)
- No relevant biogenic emissions

The following table shows the Scope 1, 2 and 3 emissions for fiscal year 2016.

Carbon footprint 2016		
Category	t CO <sub>2</sub> e	Share
Combustion – vehicles (owned or controlled)	1,331	<1%
Energy consumption	2,914	1%
<b>Sum Scope 1</b>	<b>4,246</b>	<b>1%</b>
Purchased electricity (location-based)*	54,762	11%
Purchased heating	1,180	<1%
<b>Sum Scope 2**</b>	<b>55,942</b>	<b>12%</b>
Purchased goods and services	379,000	79%
Capital goods	21,000	4%
Waste generation in operations	5,000	1%
Business travel	1,000	<1%
Employee commuting	7,000	1%
Downstream transportation and distribution	8,000	2%
<b>Sum Scope 3</b>	<b>420,000</b>	<b>87%</b>
	<b>481,000</b>	<b>100%</b>
* Purchased electricity (location-based)	54,374	
** Sum Scope 2 (market-based)	55,554	

Table 7

### Uncertainty of carbon footprint findings



Due to the quality and coverage of the input, the overall findings are subject to uncertainty of ± 15% to 30%. The Scope 1 and 2 emission levels are significantly more accurate on account of precise readings for all criteria.

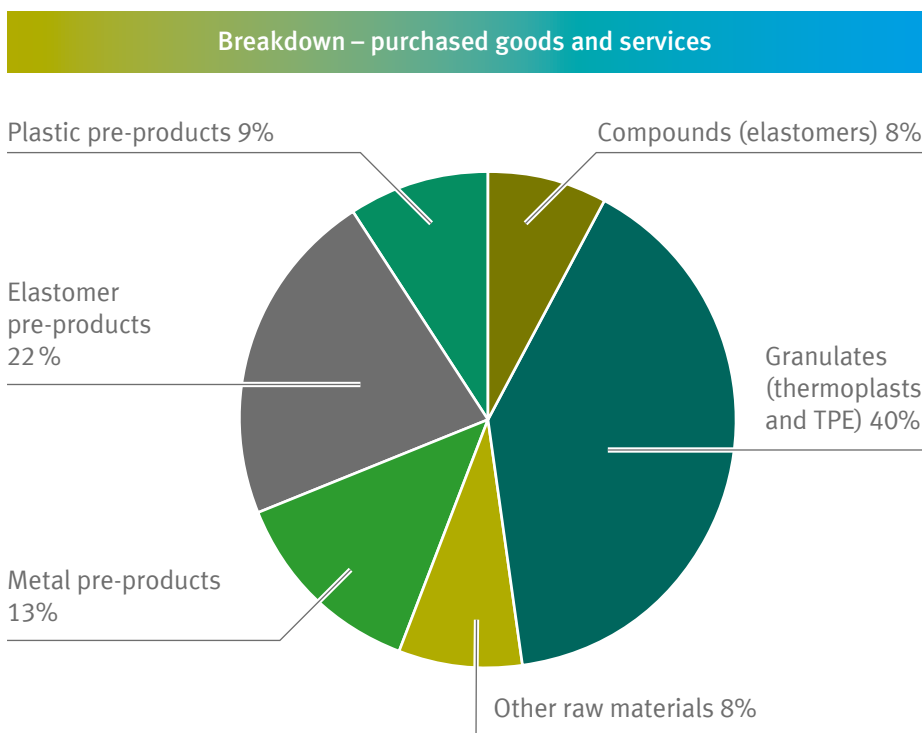
Data quality varies substantially by category in Scope 3. Complete data on the quantities of various starting materials for plastic granules and elastomer blends were available in the category accounting for the largest share, emissions from purchased goods and services. In some cases, estimates and projects of material weights were necessary for other materials, components and bought-in parts, resulting in increased uncertainty for these aspects.

By contrast, the findings on logistics-related emissions and employee commuting are based almost entirely on comprehensive, specially compiled company data, making them sufficiently precise.

All told, the precision of the findings is sufficient for initial company-wide emission management. However, the data basis and precision for key items is to be improved gradually in the future.

The high share of emissions generated during the production of the materials and pre-products purchased by Woco is typical for manufacturing companies. Although the data is associated with substantial uncertainty on account of the inconsistent data basis, the significance of the supply chain is undeniable.

The chart below shows the breakdown of the category “Purchased goods and services.”



Please refer to Section 4 on sustainable products and Section 6 on sustainable procurement for more information about the management of the supply chain’s environmental impact.

Further relevant items in Scope 3 include employee commuting, investments and logistics-related emissions.

Woco will review opportunities to exert influence in the various categories and define measures and targets if necessary in the year ahead. The CO<sub>2</sub> intensity of business operations is an important key performance indicator in this context, as it is capable of providing information about progress regardless of changes in factors such as production volume.

Emissions per unit of sales quantities for fiscal year 2016 are presented in the table below. The performance indicators are to be updated and their development analyzed in the years ahead, allowing the Group to see whether the necessary decoupling of business operations and emissions succeeds.

Figure 13

## Logistics and supply chain

Although logistics emissions account for only a small portion of indirect emissions, the field offers comparably concrete starting points. The overarching goal here is to increase the proportion of regional procurement (see Section 6), thereby reducing transport distances and emissions.

We are largely bound to customer requirements when it comes to outbound shipments, which places demands in terms of transportation and destinations. Nevertheless, we are constantly working on improvement measures, such as cross-docking solutions for direct shipment without detours via intermediate storage warehouses.

When it comes to the transport packaging we use, we aim to increase the share of recycled materials. In 2016, we raised the share of reusable packaging by 10% year on year.

### Example: cross-docking solution in logistics

*In cooperation with a supplier based in Poland, we established a cross-docking solution in 2016. The parts in question are tested, temporarily stored, approved and sent on to their next destination at a location close to the recipient in the Leipzig area, thereby eliminating the need to unload the goods at the Bad Soden-Salmünster location, avoiding a complete milk run every day and saving more than 8,000 metric tons of CO<sub>2</sub> over the period of a year.*

## Reporting

In 2017, Woco reported to CDP's supply chain program in the area of climate change for the first time for fiscal year 2016. As part of this, we provide customers with detailed information about emission data and management, reduction activities, and the opportunities and risks of climate change.

CDP awarded Woco a performance score of C in 2017. Although this score already places us above the peer group rating of D, we view it as motivation to further expand the management and reporting of climate-change-related topics.

## Emissions per unit of sales quantities for fiscal year 2016

Emissions per unit of sales quantities	Amount	Unit <sup>14</sup>
Scope 1 + 2	100	t CO <sub>2</sub> e / EUR million
Scope 1 + 2 + 3	798	t CO <sub>2</sub> e / EUR million

Table 8

## Challenges and targets related to energy and emissions

For fiscal year 2017, our goal is to introduce ISO 50001-certified energy management at at least one additional location. We also aim to improve energy efficiency in terms of output across all locations by at least 1%.

For the years ahead, we aim to set long-term, Group-wide targets for energy and emission reduction. Our objective is to determine what the Woco Group can and must do to rise to the responsibility associated with the 2-degree target stipulated under the Paris Agreement. To do so, we plan to look to the concept of science-based targets for guidance (please also refer to Section 1.2 "Further development").

Potential reduction measures and targets will be defined for the individual categories of the carbon footprint in the year ahead. As part of this, we will measure the CO<sub>2</sub> intensity of our business

<sup>14</sup> Information pertains to all reported greenhouse gases.

<sup>15</sup> www.cdp.net

operations – i.e., CO<sub>2</sub> emissions per metric ton of output – to reveal potential improvements despite fluctuations in production volume. Consequently, we will expand the combination of individual measures and our efforts to report on them at Group level in the future.

In this context, the question of how economic and regulatory conditions will change foreseeably and how Woco is preparing for these challenges is also of great interest to Woco and our stakeholders. To this end, we plan to increase our efforts to combine the planning and scenario analyses already in existence at the company and actively engage our stakeholders.

### 5.3 OTHER ENVIRONMENTAL ASPECTS

Despite the priority given to energy and emissions as part of the stakeholder survey, we would like to illustrate our overarching commitment to the environment based on a few examples and provide a preview of further topics that we plan to address in the future.

Water usage by region	
Region	Water usage in m <sup>3</sup> in 2016
Americas	16,883
Asia	31,981
Europe	39,825
<b>Total</b>	<b>88,689</b>

Table 9

### Waste

The economical use of materials and appropriate recycling of waste have always played an instrumental role in our environmental protection efforts.

The Woco Group draws up waste statistics to visualize the development of waste output and reuse. In the interest of meeting the future demands of a circular economy, we gather information on the use of recyclable and non-recyclable problem materials in order to derive further measures. Our efforts have revealed that over 80% of non-hazardous waste is separated by material and recycled, wherever possible.

No consistent figures on recycling across our locations were available at the time at which this report was prepared. The goal for the year ahead is to prepare such figures, initially for our German locations, so as to create a basis for Group-wide recording. The demands pertaining to an increase in resource efficiency will become increasingly important in the years ahead. Essential commodities will grow increasingly scarce, making the efficient use of materials and increased recyclability more and more important in the future. The carbon footprint of various materials will also be an issue.

### Water

Sustainable management of natural water resources is gaining importance due to a wide range of climate-change-related challenges, global value chains, and the contamination and overuse of natural water resources.

We will therefore be stepping up our efforts surrounding the topic of water in the years ahead.

Because we already differentiate by category in the evaluation of environmental aspects in addition to gathering basic data, Group-wide awareness of the issue is already widespread:

- Water usage – use of groundwater, use of municipal water, use of surface water
- Wastewater – drainage into sewers, drainage into water, heated wastewater and contaminated wastewater

Our resulting commitment is illustrated by the following examples:

**Water: taking early action when planning new plants  
Mexico: Lagos de Moreno location**

Our new site is located in a region with a steppe climate. Precipitation is scarce all year round. The average annual precipitation is 603 mm. In view of the situation, we implemented certain measures to take these conditions into account during construction.

In Lagos de Moreno, the new building has been equipped with a rainwater harvesting system.

The site also has a well and a 32 m<sup>3</sup> tank under the building that provides water for the cooling system. The firefighting water tank has a storage volume of 110 m<sup>3</sup>.

**Water: optimizing existing processes – saving resources and money  
UAE: Woco Tech Ltd. (FZC), Sharjah**

An analysis of existing processes revealed the process with the greatest potential impact and the measures necessary to achieve improvement.

Prior to the installation of a three-level water tank for recycling water in certain production processes, the costs stood at 23,000 euros a year. Following installation of the new process, costs stand at roughly 4,600 euros a year.

■ Cost reduction in euros

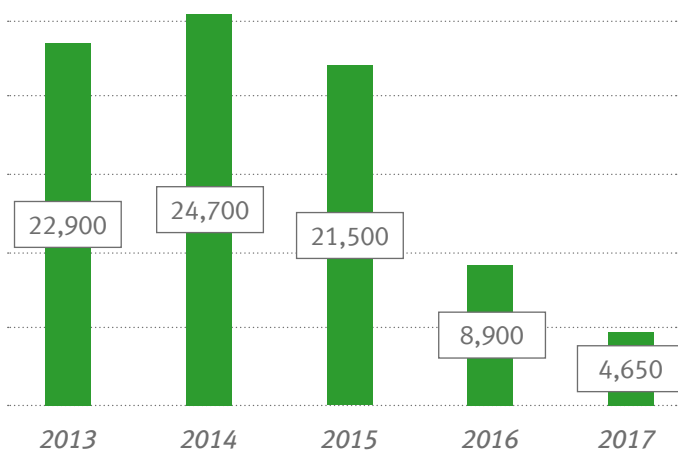


Figure 14

In the future, we plan to expand the individual measures to develop a comprehensive approach to water management. Our targets will also be guided by external standards such as CDP's water security program<sup>16</sup>, the UN's CEO Water Mandate<sup>17</sup> or the Alliance for Water Stewardship<sup>18</sup>.

Our first step will be to analyze where we have plants that are located in water stressed regions. We will focus our efforts to develop a sustainable water management system on these regions in particular. In addition, we will examine the extent to which we can extend our commitment to the value chain.

This approach will also allow us to create a solid basis for meeting the demands of the CDP's water security program.

<sup>16</sup> [www.cdp.net/en/water](http://www.cdp.net/en/water)  
<sup>17</sup> <https://ceowatermandate.org>  
<sup>18</sup> <http://a4ws.org>



## Buildings

When it comes to their own buildings, companies have the ability to make an immediate difference through their decisions and support efforts to conserve natural resources by addressing all aspects of environmental protection directly impacted by their own facilities.

### Example: new development center Bad Soden-Salmünster

**Thermal insulation and building envelope:** When it comes to protection against summer heat and winter cold, we have tried to exceed the legally binding standards of the German Energy Saving Ordinance (Energieeinsparverordnung – EnEV), allowing us to ensure even better thermal insulation and reduce consumption. The values are below those required under the EnEV – in some cases by 40%.



**Heating:** We did not build a new heating system, instead choosing to focus on expanding an existing system in a neighboring building. A cascade solution makes it possible to use additional burners individually.

**Ventilation:** The ventilation system is fully capable of heat recovery. To a limited extent, the underfloor heating system can be used for cooling. The cooling units in the large conference rooms can be switched on individually as needed.

**Grounds:** Sections of the fire lanes have been paved with permeable gravel. In addition to these necessary surfaces for vehicles, we aim to counteract soil sealing through plantings or unsealed surfaces.

### Infrastructure – reduction of sealed surfaces – biodiversity surfaces

The built environment has a substantial influence on ecosystem diversity (ecological communities, habitats and landscapes), species diversity and genetic diversity. Land use destroys precious natural space, no matter what. To the extent possible, we examine how we as a company can contribute to the preservation of biodiversity when it comes to our own land use.

Reducing land consumption and considering ways to design remaining surfaces and buildings with efficiency in mind play a central role.

We reduce land consumption by introducing high-bay warehouses or reducing inventories, thereby optimizing storage space. In addition to reducing land consumption, we also aim to keep an eye on the degree of soil sealing. At our German locations, we plan to examine whether we can create natural space by changing the way we plant open areas.



# 06

Woco taking responsibility  
for the supply chain

To fully live up to its social and environmental responsibility, a company needs to take a systematic, long-term approach to its own supply chain. Since its influence on sustainability-related topics outside the company is often limited, the supply chain is closely associated with business risks. Unforeseen events such as water scarcity and natural disasters, as well as stricter environmental regulation, can result in price increases or supplier failures and therefore have an impact on the company itself.

The stakeholder survey has also identified sustainable procurement as being an important issue for Woco. As a supplier to the automotive industry, we are part of the upstream supply chain. In addition, our own supply chain includes material- and energy-intensive pre-products.

The following chart illustrates a typical supply chain in the automotive industry, as well as Woco's role and responsibility within this chain.

### Requirements faced by Woco

Increasingly strict industry, customer and regulatory requirements have also helped underscore the importance of Woco's own supply chain in recent years. In the automotive sector, for example, the IATF 16949 standard establishes a variety of quality and risk management requirements for suppliers.

Suppliers are also requested to provide a wide range of information about how they deal with their own supply chain in manufacturers' industry-specific disclosures, as well as in rating portals such as CDP or EcoVadis that collect data from a variety of sectors.

Companies also face increasingly strict legal and regulatory requirements in various national contexts when it comes to issues such as conflict minerals (Dodd-Frank Act)<sup>19</sup> and human rights due diligence<sup>20</sup>. According to the International Labour Organization (ILO), 40 million people worldwide live in modern slavery – and 152 million children are forced to work. As a result, we also see it as our responsibility to implement human rights due diligence.

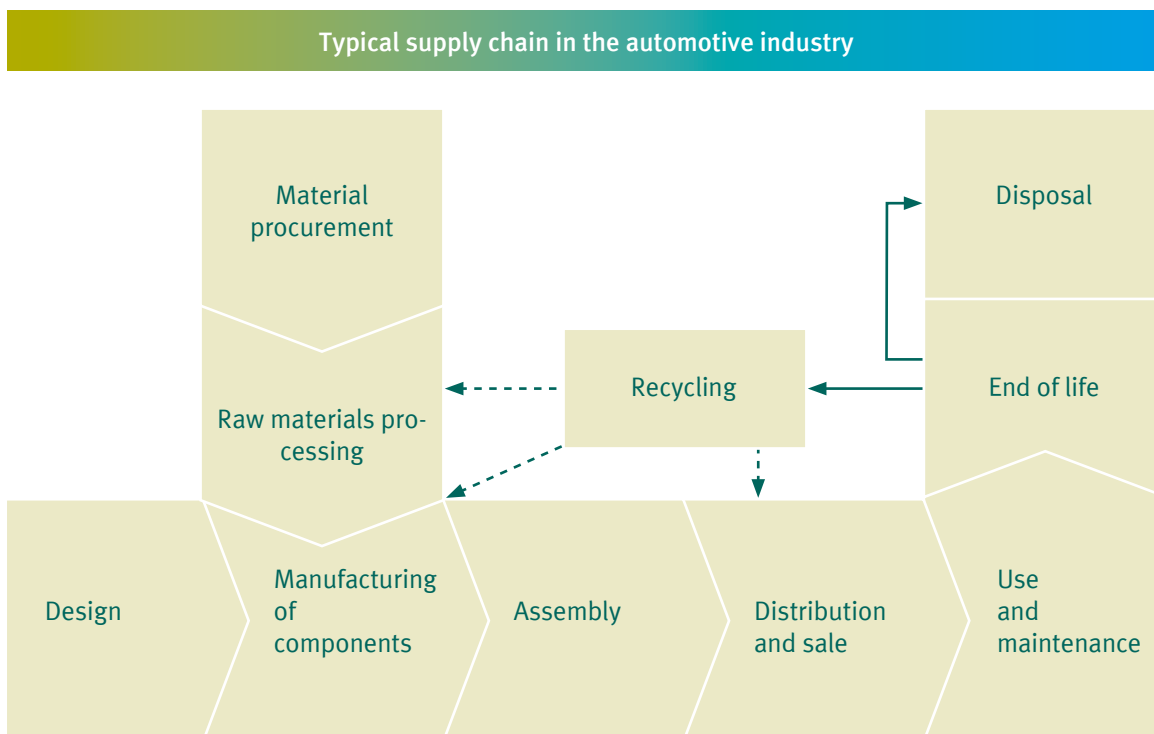


Figure 14

Source: own flow chart based on research by the Cambridge Institute for Sustainability Leadership, University of Cambridge

<sup>19</sup> [www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org)

<sup>20</sup> [www.csr-in-deutschland.de/DE/Wirtschaft-Menschenrechte/wirtschaft-menschenrechte.html](http://www.csr-in-deutschland.de/DE/Wirtschaft-Menschenrechte/wirtschaft-menschenrechte.html)

### Sustainable procurement principles/ directives at Woco



Woco states the requirements for its suppliers in the Woco Supplier Code of Conduct,<sup>21</sup> which outlines standards for which Woco requires compliance from its suppliers regarding commercial integrity and ethics, work and social standards, environmental protection, competition, general business principles and the associated management systems.

Acknowledgment of the Code of Conduct is an essential part of our contracts with our suppliers. In addition, all suppliers must confirm their commitment to our standards as part of the self-registration process.

Our strict supplier standards are our way of ensuring that we make a positive contribution toward achieving Sustainable Development Goal 12, which aims to ensure sustainable consumption and production patterns.

### Dialogue in the supply chain

All new suppliers must complete a self-registration process that also includes a sustainability management questionnaire. As part of this process, suppliers are asked to provide information on existing policies and directives, management systems and certifications related to environmental standards as well as occupational health and safety, ethical conduct, social matters, supply chain management and other topics.

By the end of 2017, 80% of A and B suppliers had completed the self-registration process. The sustainability-related information is reviewed during supplier approval and assessment. However, such topics are not yet systematically considered during the procurement process.

### What products and materials does Woco purchase?

Woco requires a wide range of raw materials and pre-products in manufacturing. In addition, Woco purchases vast quantities of components and individual parts. The most significant commodity groups in terms of volume (including bought-in parts) are plastic granules (thermoplastics and thermoplastic elastomers) and elastomer blends. A total of 26,000 metric tons of plastic granules were used in 2016. At over 70%, polyamides accounted for the largest share by far.

At 60%, with a total volume of 11,000 metric tons, EPDM was the leading elastomer, followed by natural rubber-based (approximately 17%).

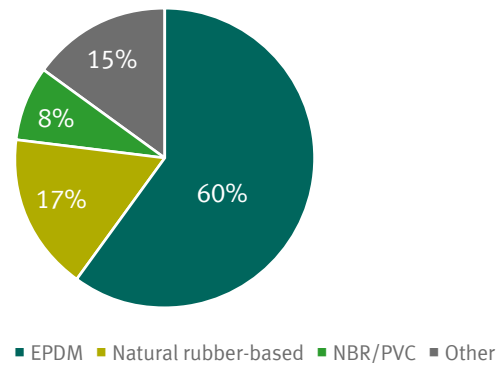


Figure 15: percentage of materials in elastomers

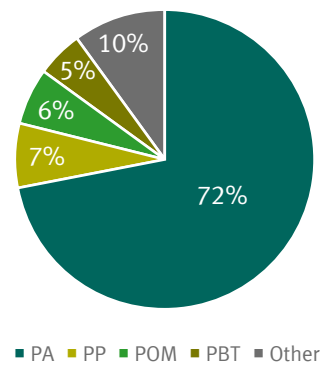


Figure 16: percentage of materials in thermoplastics and thermoplastic elastomers

<sup>21</sup> [www.wocogroup.com/Code-of-Conduct.408.0.html](http://www.wocogroup.com/Code-of-Conduct.408.0.html)

## How is Woco's supply chain structured?

The Woco Group procures production materials from roughly 700 active suppliers, most of them medium-sized or large companies.

By contrast, most elastomer blends are obtained from the PTE group of companies, in which Woco holds a 50% share through a joint venture. PTE is one of the world's leading manufacturers of blends, with production plants in Germany, France and China, as well as a planned plant in Mexico. These plants are usually located close to our production sites in order to leverage logistical advantages.

Woco procures the vast majority of its production materials within the respective region (Americas, Asia, Europe) to avoid long transport distances. The following table illustrates the share of raw materials procured within each region in 2016:

### Share of intraregional procurement per region

Region	Procurement within the region
Americas	85.3%
Asia	92.5%
Europe	100%

Table 10

Our target for 2017 of increasing the share of intraregional procurement worldwide to at least 85% was therefore achieved in 2016.

## Renewable and recycled materials

As a manufacturer of technical automotive and industrial components, renewable and natural materials play a relatively minor role for Woco. The natural rubber elements in elastomer blends are an important exception.

In 2016, Woco processed approximately 1,100 metric tons of pure natural rubber for a total of approximately 11,000 metric tons of elastomer blends.

The use of recycled materials often offers significant environmental advantages compared to primary materials. Woco therefore aims to increase the use of recycled materials. However, the specific material requirements often limit the use of recycled materials, especially in the field of plastics. Furthermore, recycled materials of the required quality are not always available on the market.

As a result, Woco's goal for 2017 is to use PE- and PP-based recycled materials for appropriate products.

By contrast, a large volume of recycled glass and textile fibers is already being used to manufacture fiber-reinforced plastics. Metal components also have a customary percentage of recycled materials.

In 2016, products with recycled substances accounted for roughly 3% of the overall product range.



## Challenges and goals related to sustainable procurement

### Conflict minerals

The Dodd-Frank Act requires U.S. listed companies to report the usage of specific raw materials that come from the Democratic Republic of Congo and its neighboring countries. Conflict minerals<sup>22</sup> are gold, tin, tungsten and tantalum, as well as their derivatives.

Because Woco is a global supplier, customers affected by these requirements regularly ask it to report if – and in which form – conflict minerals are used in the company’s products.

In return, the Woco Group requires its suppliers to provide information about the origins of the corresponding commodities in the purchased materials to enable Woco to prepare the annual Conflict Minerals Report and provide it to Woco’s customers. The approach here is to first analyze the components of the products supplied to Woco using the IMDS database<sup>23</sup>. In a second step, the suppliers affected are derived.

In the third step, the iPoint portal is used to send inquiries to the suppliers in question. The suppliers subsequently submit their report to Woco. This information is used to generate Woco’s report and makes it possible to identify whether minerals from critical countries of origin may be in use. In such cases, the company works with the supplier to find a solution.

In May 2017, the European Union published a new regulation regarding the import of conflict minerals. The regulation enters into effect on January 1, 2021, and obliges EU companies to perform due diligence checks of their suppliers. Woco is preparing accordingly for the new requirements.

In the interest of advancing the topic of sustainable procurement, we plan to focus on the following points in the future:

On the one hand, we aim to harmonize and improve reporting on key performance indicators, as in other areas. On the other hand, we plan to analyze our experience so far with the questionnaire-based supplier disclosure and make improvements to the content of the questionnaire if necessary. We also plan to conduct risk screening of our procurement practices and look to international standards such as the Transparency Index or the Business and Human Rights Index for guidance. In particular, human rights due diligence will be a focal point of our considerations.

The information from the sustainability questionnaire and the findings of the risk screening will allow us to identify where we intend to take greater action and where our greatest opportunities to exert influence lie.

The resulting activities are intended to support increased direct dialogue with suppliers within the framework of stronger knowledge transfer and act as evidence of implementation. In this context, we will consider ways to expand the established mechanisms for reporting violations as part of our Code of Conduct. All measures are also to be examined to determine the extent to which it makes sense to establish different requirements for suppliers depending on their size and significance with the aim of maintaining an appropriate balance between cost and benefit.

In addition, we will work on including suppliers’ sustainability performance in the supplier assessment, thereby expanding our supplier assessment system.

Furthermore, we plan to review whether it is possible to adapt the standards and tools for sustainable procurement for use with the key supplier PTE.

In the medium term, our indirect suppliers are also to be included in the sustainability process. All planned measures will be reviewed with a view to the achievement of targets at the end of the calendar year.

<sup>22</sup> [www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org)

<sup>23</sup> [www.mdssystem.com](http://www.mdssystem.com)



07

GRI Index

52

## Evidence of the required disclosures – Global Reporting Initiative (GRI) Standards

### General disclosures

GRI Standard	Disclosure	Description	Section
GRI 102: General Disclosures 2016	102-1	Name of the organization	Section 1.1 “About the company,” “Innovative technology for environmentally friendly system solutions”
GRI 102: General Disclosures 2016	102-2	Activities, brands, products, and services	a., b., Section 1.1 “About the company,” “Innovative technology for environmentally friendly system solutions”
GRI 102: General Disclosures 2016	102-3	Location of headquarters	Section 1.1 “About the company,” “Innovative technology for environmentally friendly system solutions”
GRI 102: General Disclosures 2016	102-4	Location of operations	Section 1.1 “About the company,” Figure 2: “Woco locations”
GRI 102: General Disclosures 2016	102-5	Ownership and legal form	Section 1.1 “About the company,” “Legal form and ownership structure”
GRI 102: General Disclosures 2016	102-6	Markets served	a. i. Section 1.1 “About the company,” Figure 2: “Woco locations” a. ii. and iii. Section 1.1 “About the company”
GRI 102: General Disclosures 2016	102-7	Scale of the organization	a. i. Section 1.1 “About the company,” Table 1: “Performance indicators by region (as of December 31, 2016)” a. ii. Section 1.1 “About the company,” Table 1: “Performance indicators by region (as of December 31, 2016)” a. iii. Section 1.1 “About the company,” Table 1: “Performance indicators by region (as of December 31, 2016)” a. iv. The company is not capitalized. a. v. No total quantity is available due to the wide range and diversity of the various product groups.
GRI 102: General Disclosures 2016	102-8	Information on employees and other workers	a. Based on the data available, it is not possible to provide information by gender. Prior to the next report, we will review the time and effort required to do so. b. Section 3.1 “Employment, working conditions and anti-discrimination,” Table 2: “Number of employees by region and type of contract” c. Section 3.1 “Employment, working conditions and anti-discrimination,” Table 2: “Number of employees by region and type of contract” by region. On account of the data currently available, we have so far not been able to break down the following tables by gender. For our next report, however, we plan to provide information by gender. d. Only an insignificant portion of our activities are performed by workers who are not employees. f. No significant variation in the numbers reported in Disclosures 102-8-a, 102-8-b and 102-8-c f. Section 3.1 “Employment, working conditions and anti-discrimination,” “Employee development – key figures”
GRI 102: General Disclosures 2016	102-9	Supply chain	Section 6 “Woco taking responsibility for the supply chain,” Figure 14: “Typical supply chain in the automotive industry” Section 6 “Woco taking responsibility for the supply chain,” “What products and materials does Woco purchase?” Section 6 “Woco taking responsibility for the supply chain,” “How is Woco’s supply chain structured?”
GRI 102: General Disclosures 2016	102-10	Significant changes to the organization and its supply chain	a. i. Section 1.1 “About the company,” “Innovative technology for environmentally friendly system solutions” a. ii. There are no changes to report. a. iii. There are no changes to report.
GRI 102: General Disclosures 2016	102-11	Precautionary Principle or approach	Section 4 “Woco as a partner for sustainable products”
GRI 102: General Disclosures 2016	102-12	External initiatives	Section 1.1 “About the company,” “Support for external initiatives”
GRI 102: General Disclosures 2016	102-13	Membership of associations	Section 1.1 “About the company,” “Support for external initiatives”
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	Foreword

GRI Standard	Disclosure	Description	Section
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	Section 1.2 “Sustainability management at Woco,” Principles and guidelines”
GRI 102: General Disclosures 2016	102-18	Governance structure	a. Section 1.1 “About the company,” “Governance structure” b. Section 1.2 “Sustainability management at Woco,” “Structures and responsibilities”
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Section 1.3 “About this report,” “Determining the contents of the report based on the GRI Reporting Principles: stakeholder focus, sustainability context, materiality and completeness”
GRI 102: General Disclosures 2016	102-41	Collective bargaining agreements	Section 3.1 “Employment, working conditions and anti-discrimination”
GRI 102: General Disclosures 2016	102-42	Identifying and selecting stakeholders	Section 1.3 “About this report,” “Determining the contents of the report based on the GRI Reporting Principles: stakeholder focus, sustainability context, materiality and completeness”
GRI 102: General Disclosures 2016	102-43	Approach to stakeholder engagement	Section 1.3 “About this report,” “Determining the contents of the report based on the GRI Reporting Principles: stakeholder focus, sustainability context, materiality and completeness”
GRI 102: General Disclosures 2016	102-44	Key topics and concerns raised	a. Section 1.3 “About this report,” “Determining the contents of the report based on the GRI Reporting Principles: stakeholder focus, sustainability context, materiality and completeness” Section 1.3 “About this report,” Figure 5: “Materiality matrix”
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	a. b. Section 1.3 “About this report,” “Frame of reference”
GRI 102: General Disclosures 2016	102-46	Defining report content and topic Boundaries	Section 1.3 “About this report,” “Determining the contents of the report based on the GRI Reporting Principles: stakeholder focus, sustainability context, materiality and completeness”
GRI 102: General Disclosures 2016	102-47	List of material topics	Section 1.3 “About this report,” Figure 5: “Materiality matrix”
GRI 102: General Disclosures 2016	102-48	Restatements of information	First report – no restatements
GRI 102: General Disclosures 2016	102-49	Changes in reporting	First-time application of GRI Standards – no changes
GRI 102: General Disclosures 2016	102-50	Reporting period	Section 1.3 “About this report,” “Reporting period”
GRI 102: General Disclosures 2016	102-51	Date of most recent report	This is the first CSR report
GRI 102: General Disclosures 2016	102-52	Reporting cycle	Section 1.3 “About this report,” “Reporting period”
GRI 102: General Disclosures 2016	102-53	Contact point for questions regarding the report	Acknowledgments and contact options – page after the GRI Index
GRI 102: General Disclosures 2016	102-54	Claims of reporting in accordance with the GRI Standards	Section 7.1 “GRI Index”
GRI 102: General Disclosures 2016	102-55	GRI content index	Section 7.1 “GRI Index”
GRI 102: General Disclosures 2016	102-56	External assurance	a. Section 1.3 “About this report,” “Reporting period” b. This report has not been externally assured.

## Specific disclosures

GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
<b>Anti-corruption</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 2.1 “Compliance – anti-corruption, anti-competitive conduct”		Material	Full	
	103-2	The management approach and its components	Section 2.1 “Compliance – anti-corruption, anti-competitive conduct”		Material	Full	
	103-3	Evaluation of the management approach	Section 2.1 “Compliance – anti-corruption, anti-competitive conduct”		Material	Full	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Section 2.1 “Compliance – anti-corruption, anti-competitive conduct” Section 6: “Woco taking responsibility for the supply chain”	Information not available	Material	Partial	a./b./d./e. Nearly 100% of all employees have received training, as have 100% of the Group’s management staff. The regional breakdown therefore corresponds to that of employees, see 102-8. Statistics on the regional breakdown of the Group’s management are not maintained. c. 100% of suppliers worldwide through Woco’s Supplier Code of Conduct. Other business partners have so far not been addressed separately.
<b>Anti-competitive behavior</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 2.1 “Compliance – anti-corruption, anti-competitive conduct”		Material	Full	b. The description of the Boundary for the material topic matches the coverage of the Code of Conduct as described in Section 2.1.
	103-2	The management approach and its components	Section 2.1 “Compliance – anti-corruption, anti-competitive conduct”		Material	Full	
	103-3	Evaluation of the management approach	Section 2.1 “Compliance – anti-corruption, anti-competitive conduct”		Material	Full	
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Information not available; not addressed for confidentiality reasons	Material	Omitted	Consistent Group-wide data collection through our compliance monitoring system is currently still in development, and corresponding measures are to be implemented starting in 2018. The publication of incidents is possible barring any objections.
<b>Materials</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 4 “Woco as a partner for sustainable products”		Material	Full	The topic is covered in the materiality matrix under “Sustainable products”
	103-2	The management approach and its components	Section 4 “Woco as a partner for sustainable products”		Material	Full	
	103-3	Evaluation of the management approach	Section 4 “Woco as a partner for sustainable products”		Material	Full	



GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
GRI 301: Mate- rials	301-1	Materials used by weight or volume	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	
	301-2	Recycled input materials used	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	
<b>Energy</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 5.2 “Energy and emissions,” “Energy consumption”		Material	Full	The topic is covered in the materiality matrix under “Energy and emissions”
	103-2	The management approach and its components	Section 5.2 “Energy and emissions,” “Energy consumption”		Material	Full	
	103-3	Evaluation of the manage- ment approach	Section 5.2 “Energy and emissions,” “Energy consumption”		Material	Full	
GRI 302: Energy	302-1	Energy consumption within the organization	Section 5.2 “Energy and emissions,” “Energy consumption”		Material	Full	c. iii–iv/d iii–iv: no district cooling or steam used f. No specific standards or tools used g. No conversion factors used
	302-4	Reduction of energy con- sumption	Section 5.2 “Energy and emissions,” “Energy consumption”	Information not avail- able	Material	Partial	So far, only three locations have been included in Group-wide monitoring.
<b>Water</b>							
GRI 103: Management Approach 2016	103-2	The management approach and its components	Section 5.3 “Other environ- mental aspects,” “Water”		Not ma- terial	Partial	See example
GRI 303: Water	303-1	Water withdrawal by source		Information not avail- able	Not ma- terial	Partial	Water usage covers only pro- cess-related water consump- tion and is not broken down by source of water.
<b>Biodiversity</b>							
GRI 103: Management Approach 2016	103-2	The management approach and its components	Section 5.3 “Other environ- mental aspects,” “Infrastruc- ture – reduction of sealed surfaces – biodiversity surfaces”		Not ma- terial	Partial	See “Infrastructure – reduc- tion of sealed surfaces”
<b>Emissions</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	The topic is covered in the materiality matrix under “Energy and emissions”
	103-2	The management approach and its components	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	
	103-3	Evaluation of the manage- ment approach	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	

GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
GRI 305: Emis- sions	305-1	Direct (Scope 1) GHG emissions	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	e. Emission factors primarily from DEFRA 2017 and EN 16258. GWP in line with IPCC Fifth Assessment Report. Details are available on request.
	305-2	Energy indirect (Scope 2) GHG emissions	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	See notes on 305-1
	305-3	Other indirect (Scope 3) GHG emissions	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	See notes on 305-1
	305-4	GHG emissions intensity	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	
	305-5	Reduction of GHG emissions	Section 5.2 “Energy and emissions,” “Greenhouse gas emission management”		Material	Full	
<b>Effluents and waste</b>							
GRI 103: Management Approach 2016	103-2	The management approach and its components	Section 5.3 “Other environ- mental aspects,” “Waste”		Not ma- terial	Partial	See “Other environmental aspects,” “Waste”
<b>Environmental compliance</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 2.1 “Compliance”		Material	Full	The topic is covered in the materiality matrix under “Compliance”
	103-2	The management approach and its components	Section 2.1 “Compliance”		Material	Full	
	103-3	Evaluation of the manage- ment approach	Section 2.1 “Compliance”		Material	Full	
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Section 5.1 “Environmental management at Woco”		Material	Full	Group-wide ISO 14001 certification monitors and confirms compliance with all environmentally relevant laws and regulations. No violations were identified.
<b>Supplier environmental assessment</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	The topic is covered in the materiality matrix under “Sustainable procurement”
	103-2	The management approach and its components	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	
	103-3	Evaluation of the manage- ment approach	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	
GRI 308: Supplier environmental assessment	308-2	Negative environmental impacts in the supply chain and actions taken	Section 6 “Woco taking responsibility for the supply chain,” “Dialogue in the supply chain”	Information not avail- able	Material	Partial	b./c./d./e.: Our supplier assessment program is still in development. Corre- sponding measures are to be implemented and inquiries made starting in 2018.

GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
<b>Employment</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 “Employment, working conditions and anti-discrimination,” “Employee development – key figures”		Material	Full	The topic is covered in the materiality matrix under “Working conditions and employment”
	103-2	The management approach and its components	Section 3.1 “Employment, working conditions and anti-discrimination,” “Employee development – key figures”		Material	Full	
	103-3	Evaluation of the management approach	Section 3.1 “Employment, working conditions and anti-discrimination,” “Employee development – key figures”		Material	Full	
GRI 401: Employment	401-1	New employee hires and employee turnover	Section 3.1 “Employment, working conditions and anti-discrimination,” “Employee development – key figures”	Information not available	Material	Partial	b. With regard to employee turnover, only new hires by region, gender and age, as well as length of company service by gender and region, are recorded at the present time. The extent of data collection is to be expanded starting in 2018.
<b>Occupational health and safety</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.2 “Occupational safety and employee health”		Material	Full	
	103-2	The management approach and its components	Section 3.2 “Occupational safety and employee health”		Material	Full	
	103-3	Evaluation of the management approach	Section 3.2 “Occupational safety and employee health”		Material	Full	
GRI 403: Occupational health and safety	403-1	Workers representation in formal joint management–worker health and safety committees	Section 3.2 “Occupational safety and employee health”		Material	Full	Internal, location-specific occupational health and safety management at all locations, covering the entire workforce, in line with the respective legal requirements.
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Section 3.2 “Occupational safety and employee health,” “Key figures”	a., b.: Information not available	Material	Partial	Detailed information on the lost-day rate or types of accidents were not yet available as of the reporting date. Our data collection efforts are still in development and are to be finalized in 2018.
<b>Training and education</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 “Employment, working conditions and anti-discrimination,” “Career management”		Not material	Full	
	103-2	The management approach and its components	Section 3.1 “Employment, working conditions and anti-discrimination,” “Career management”		Not material	Full	
	103-3	Evaluation of the management approach	Section 3.1 “Employment, working conditions and anti-discrimination,” “Career management”		Not material	Full	

GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
GRI 404: Training and education	404-2	Programs for upgrading employee skills and transition assistance programs	Section 3.1 “Employment, working conditions and anti-discrimination,” “Career management”		Not material	Full	
	404-3	Percentage of employees receiving regular performance and career development reviews	Section 3.1 “Employment, working conditions and anti-discrimination,” “Career management”	Information not available	Not material	Partial	a. A percentage of total employees by gender is not available. The extent of data collection is to be expanded starting in 2018.

#### Diversity and equal opportunity

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 “Employment, working conditions and anti-discrimination,” “Diversity – Speaking the same language – communication between the plants”		Material	Full	The topic is covered in the materiality matrix under “Working conditions and employment”
	103-2	The management approach and its components	Section 3.1 “Employment, working conditions and anti-discrimination,” “Diversity – Speaking the same language – communication between the plants”		Material	Full	
	103-3	Evaluation of the management approach	Section 3.1 “Employment, working conditions and anti-discrimination,” “Diversity – Speaking the same language – communication between the plants”		Material	Full	
GRI 405: Diversity and equal opportunity	405-2	Ratio of basic salary and remuneration of women to men		Information not available	Material	Omitted	The extent of data collection is to be expanded in 2018.

GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
<b>Non-discrimination</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 “Challenges and goals related to employment, working conditions and anti-discrimination”		Material	Full	
	103-2	The management approach and its components	Section 3.1 “Challenges and goals related to employment, working conditions and anti-discrimination”		Material	Full	
	103-3	Evaluation of the management approach	Section 3.1 “Challenges and goals related to employment, working conditions and anti-discrimination”		Material	Full	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken		Information not available	Material	Omitted	Our compliance monitoring system is currently still in development, and corresponding measures are to be implemented starting in 2018.

GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
<b>Child labor</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 "Employment, working conditions and anti-discrimination"		Material	Full	The topic is covered in the materiality matrix under "Human rights."
	103-2	The management approach and its components	Section 3.1 "Employment, working conditions and anti-discrimination"		Material	Full	
	103-3	Evaluation of the management approach	Section 3.1 "Employment, working conditions and anti-discrimination"		Material	Full	
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Section 3.1 "Employment, working conditions and anti-discrimination" Section 6 "Woco taking responsibility for the supply chain"	Information not available	Material	Partial	a. Incidents of child labor and young workers exposed to hazardous work are absolutely impossible at our locations. b./c. Our supply chain risk assessment system is currently still in development; corresponding measures are to be implemented starting in 2018.
<b>Forced or compulsory labor</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 "Employment, working conditions and anti-discrimination"		Material	Full	The topic is covered in the materiality matrix under "Human rights."
	103-2	The management approach and its components	Section 3.1 "Employment, working conditions and anti-discrimination"		Material	Full	
	103-3	Evaluation of the management approach	Section 3.1 "Employment, working conditions and anti-discrimination"		Material	Full	
GRI 409: Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Section 3.1 "Employment, working conditions and anti-discrimination" Section 6 "Woco taking responsibility for the supply chain"	Information not available	Material	Partial	a. The occurrence of forced labor is absolutely impossible at our locations. b./c. Our supply chain risk assessment system is currently still in development; corresponding measures are to be implemented starting in 2018.
<b>Human rights assessment</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 "Employment, working conditions and anti-discrimination," "Challenges and goals related to employment, working conditions and anti-discrimination"		Material	Full	The topic is covered in the materiality matrix under "Human rights."
	103-2	The management approach and its components	Section 3.1 "Employment, working conditions and anti-discrimination," "Challenges and goals related to employment, working conditions and anti-discrimination"		Material	Full	
	103-3	Evaluation of the management approach	Section 3.1 "Employment, working conditions and anti-discrimination," "Challenges and goals related to employment, working conditions and anti-discrimination"		Material	Full	



GRI Standard	Disclo- sure	Description	Section	Reason for omission	Materi- ality	Status	Notes
GRI 412: Human rights assess- ment	412-2	Employee training on human rights policies or procedures		Information not avail- able	Material	Omitted	Our training program is cur- rently still in development, and corresponding measures are to be implemented start- ing in 2018.
<b>Supplier social assessment</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	The topic is covered in the materiality matrix under “Sustainable procurement”
	103-2	The management approach and its components	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	
	103-3	Evaluation of the manage- ment approach	Section 6 “Woco taking responsibility for the supply chain”		Material	Full	
GRI 414: Supplier social assess- ment	414-1	New suppliers that were screened using social criteria	Section 6 “Woco taking responsibility for the supply chain,” “Dialogue in the supply chain”		Material	Full	
<b>Customer health and safety</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 2.2 “Product safety”		Material	Full	
	103-2	The management approach and its components	Section 2.2 “Product safety”		Material	Full	
	103-3	Evaluation of the manage- ment approach	Section 2.2 “Product safety”	not ad- dressed for confi- dentiality reasons	Material	Omitted	This data cannot be pub- lished due to its sensitive nature in relation to com- petitors.
GRI 416: Cus- tomer health and safety	416-1	Assessment of the health and safety impacts of prod- uct and service categories	Section 2.2 “Product safety”		Material	Full	
GRI 416: Cus- tomer health and safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Section 2.2 “Product safety”	not ad- dressed for confi- dentiality reasons	Material	Omitted	This data cannot be pub- lished due to its sensitive nature in relation to com- petitors.
<b>Socioeconomic compliance</b>							
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Section 3.1 “Employment, working conditions and an- ti-discrimination,” “Incidents and incident management (social compliance)”		Material	Full	The topic is covered in the materiality matrix under “Compliance”
	103-2	The management approach and its components	Section 3.1 “Employment, working conditions and an- ti-discrimination,” “Incidents and incident management (social compliance)”		Material	Full	
	103-3	Evaluation of the manage- ment approach	Section 3.1 “Employment, working conditions and an- ti-discrimination,” “Incidents and incident management (social compliance)”		Material	Full	

## Acknowledgments and contact options

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The second Woco sustainability report is scheduled for publication in 2019. After that, a new version will be released every two years. Until then, we look forward to your questions, feedback and comments.

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### Published by:

**Woco Industrietechnik GmbH**  
Hanauer Landstraße 16  
63628 Bad Soden-Salmünster  
Germany  
Phone +49 6056 78-0  
Fax +49 6056 78-7212  
info@de.wocogroup.com  
[www.wocogroup.com](http://www.wocogroup.com)

### Contact:

Sabine Konrad-Schwämmlein, Sustainability Management  
skonradschwaemmlein@de.wocogroup.com

### Technical editing:

DFGE – Institute for Energy, Ecology and Economy,  
[www.dfge.de](http://www.dfge.de) – [info@dfge.de](mailto:info@dfge.de)

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**Woco Industrietechnik GmbH**  
Hanauer Landstraße 16  
63628 Bad Soden-Salmünster  
Germany  
Phone +49 6056 78-0  
Fax +49 6056 78-7212  
info@de.wocogroup.com  
[www.wocogroup.com](http://www.wocogroup.com)