

United Nations Global Compact

Communication on Progress (CoP) Reporting year 2021



This is our **Communication on Progress**
in implementing the principles of the
United Nations Global Compact.

We welcome feedback on its contents.

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Global Compact, Communication on Progress (CoP),
Reporting year 2021

Fritz Winter Eisengießerei GmbH & Co. KG
Albert-Schweitzer-Str. 15
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Germany

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Dear Readers,

as a family-owned company that has long been known for its customer orientation and high innovative strength, we at Fritz Winter not only strive to secure the future of our company, but also commit ourselves to acting with integrity and responsibility towards our employees, society and our environment. The observance and implementation of the "Ten Principles of the United Nations Global Compact" is an expression of this commitment.

With this Annual Report 2021, we provide you with an insight into our activities to implement the Ten Principles of the United Nations Global Compact with regard to the protection of human rights, labor standards, health, safety and the environment, as well as the elimination of discrimination and the fight against corruption. It is an integral part of the corporate culture at Fritz Winter that all employees contribute to improving sustainability with their daily work. The management of Fritz Winter actively promotes and supports these efforts.

Fritz Winter Eisengießerei GmbH & Co. KG is expressly committed to the 10 principles of the Global Compact and undertakes to further promote their implementation. Furthermore, we actively support the Sustainable Development Goals of the UN Agenda 2030 and align our corporate actions and strategies with them. We hope to provide interested readers with some exciting insights into our activities and impulses.

Fritz Winter Eisengießerei GmbH & Co. KG

Gottfried Sihler

CEO

Company Profile

The Fritz Winter Foundry (FW) is a supplier and partner for the global automotive, commercial vehicle and hydraulic industry. We develop and manufacture rough and finish part components as well as complex system components, increasingly in light-weight design also.

With our innovative production concepts which we continuously develop further, we provide already today the mobility of tomorrow. Our material basis is sustainable as we use recycled iron as raw material for our High-Tech products. The self-conception of our company has always been the protection of our environment and its resources.

As a solid medium-sized family-owned company, Fritz Winter today is counted among the biggest independent iron foundries worldwide.

Measures in the reporting period

Energy management

All Germany wide locations were re-certified in autumn 2021 in the ISO 50001:2018 conversion audit. The energy management system has been significantly expanded for this purpose. With a proven functioning energy management system, Fritz Winter is very well positioned for the future.

To automate our energy monitoring system even more, a large number of processes have been worked out and documented, and subsequently have been made transparent and intensified in training courses for our employees.

With the help of the extensive measurement technology installed, Fritz Winter can access comprehensive data to identify complex energy consumption in a structured manner. The data transparency makes it easier to identify potential savings.

In order to be able to fulfill the legally required reporting obligations on time and to the prescribed extent, we continued to expand and improve our energy software in this reporting year.

Fritz Winter is currently redeveloping the traditional casting process for cast iron. Significant savings in electricity and natural gas have been achieved through the commissioning of a first expansion stage of this new ecoCasting technology and the replacement of improved process-relevant equipment components.

Training to raise employee awareness of energy conservation is a focus of energy management each year. Despite the continuing decline in training due to the ongoing pandemic, internal targets have been met and energy management has improved in significant steps.

Environmental management

All German sites have been re-certified according to DIN EN ISO 14001:2015. The internal audits in 2021 were successful and the missing audits from 2020 were made up (in accordance with the pandemic standard). Fritz Winter has started to map the environmental activities into their sustainability system.

Environment Protection

In 2021, the integration of the Environmental Officer into the Production Resource Planning department was successfully completed. Environmental aspects are now an integral part of project development and plant planning.

The noise abatement project was approved by the German authority and the first noise abatement measures were successfully installed.

A technical plan to reduce the carbon footprint was developed in 2021. Corresponding projects are underway and will start in 2022.

Human Resources

Fritz Winter had an average of 3,202 employees in fiscal year 2021 (fiscal year 2020: 3,527 employees). This includes 111 trainees in the commercial and technical areas. The Stadtallendorf site had 3,014 employees in this period. On December 31, 2021, the company had 3,203 employees in Germany (previous year: 3,331). This represents a decrease of 4%. Despite the weakening economy, this reduction was mainly achieved by not filling vacant positions and retirements. In addition to the domestic workforce, an average of 263 employees are reported for the Franklin site abroad, and a further 5 employees for the Jinan site in the People's Republic of China.

The Corona pandemic again severely impacted the activities of the HR department in the past fiscal year. Due to the situation, we were unfortunately unable to hold any of the events for recruiting young talents, which are highly regarded in the local region, such as the "Training Day" and the "Night of the Foundry Trades".

The numerous collaborations and contacts that the company had established in the past with local schools and cooperation with technical universities also suffered from the pandemic. They had to be reduced to a minimum because the external partners were unable to hold their usual events. As a result, those responsible at the HR service center maintained contact with teachers and young people as far as possible via technical media. Nevertheless, in order to continue our personnel marketing activities and cooperation with schools and technical colleges, we switched numerous activities

to an online presence. One very positive and pleasing example was our participation in the job and career fair at Bergakademie Freiberg, the Technical University for Mining and Technology.

Due to the pandemic-related low number of possible personnel marketing measures in the area of apprenticeship recruitment and the general trend of stagnating student and graduate numbers, not all planned apprenticeship positions could be filled. Fortunately, however, we succeeded in filling some of the training positions with performance-oriented and socially competent school graduates despite the difficult initial situation. To help our young and new colleagues settle into their new working environment, we organized an alternative program for them at the Stadtallendorf site instead of the traditional familiarization trip. In a three-day introductory phase, they got to know our company and their new colleagues and were able to familiarize themselves in detail with the customs of our company and their trainers as well as the training content.

In addition to recruiting new colleagues for our company, the reorganization of the Fritz Winter company pension scheme was a dominant topic for the "Human Resources" department in the past year. In cooperation with external partners and the Works Council, the new "FW Company Pension" was introduced at the end of the year. It replaces the company pension scheme that has been in place since 1976 and contains numerous elements of a modern, up-to-date company pension scheme.

Finally, the anniversary issue of the Fritz Winter employee magazine, which was distributed to the workforce in December to mark the company's 70th anniversary, is worth mentioning. This anniversary publication contains numerous articles and commentaries, interviews and pictures on the historical development of the company and the continuance of the company through future-oriented sustainable investments.

The entire range of training courses offered by the "Personnel Development" unit could not be held as planned in this fiscal year. Travel bans for freelance external lecturers or the short-time work situation of our external seminar providers made reliable planning and ultimately proper implementation difficult. By contrast, seminars and training courses required by law and the authorities were held as usual under a strict hygiene concept. The training requirements still outstanding will be reviewed and implemented in the coming year. Numerous applications have been received for the "Talent Pool" personnel development program in the area of management careers. The design of a further personnel development tool for specialist careers was started at the end of the past fiscal year.

Also towards the middle / end of the past fiscal year, a further important step was taken towards digitization in the "Human Resources" area. The preliminary analysis of the existing processes and adaptation to the best practice SAP processes required for the planned SAP HCM implementation was completed. This preliminary work represents

an important step for the upcoming comprehensive SAP implementation project and creates the necessary prerequisites for the transformation that has already begun in this area.

In 2021, the average length of service was 19 years and the average age was 46. Particularly noteworthy is the fact that in the year under review, 12 employees can look back on 40 years of service with Fritz Winter.

Occupational Health and Safety

Occupational Medicine - Occupational Safety - Health Management

In 2021, one of the main areas of activity was again the pandemic with all its aspects. The pandemic working group continued to play a central role. Under the leadership of the management, this working group is made up of the three departments mentioned above as well as other representatives from the Human Resources, Materials Procurement and Workers' Council departments. The topics covered ranged from the handling of the infection, through communication between those affected and those involved, to the implementation of new legal regulations.

These included optimizing communication, especially with the large company team at the public health department (setting up an on-call service and a collective e-mail address), implementing 3G regulations (recording vaccination status and implementing access restrictions) and carrying out Corona vaccinations. However, maintaining and updating existing processes, such as material procurement, meeting and visit regulations, announcements, posters, instructions and, last but not least, the Corona intranet site as an information platform for all employees were regularly updated.

In addition, the sometimes tight deadlines of new legal requirements and the often unpredictable human behavior caused some challenges to the entire organization, which were successfully managed.

Despite this enormous task, the pandemic and resulting issues, additional goals set for 2021 were achieved.

Especially noteworthy is the implementation of the international occupational health and safety standard ISO 45001, which covers holistic, targeted occupational health and safety. This standard implements a systematic approach that focuses on the health of employees. After the project team members were trained as internal auditors, certification was successfully completed in December - FW received special praise from the lead auditor for exemplary implementation.

The resumption of the "Risk Assessment of Mental Stress" project is also encouraging. The project, which was launched in 2019 with a survey of the workforce, was analyzed

intensively this year between management, executives and the specialist department. The results were handed over in workshops for the identification of measures.

In addition, training and seminar activities in the area of occupational safety and health management were also ramped up again (in compliance with hygiene regulations).

Compliance

As a globally active company with a long tradition, FW bear social responsibility towards our customers, employees, investors, and the public. This social responsibility includes ensuring that Fritz Winter complies with applicable laws at all times and in all places, respects fundamental ethical values, and acts sustainably.

The management has set itself the task of promoting a corporate culture in which compliance with applicable law and, beyond that, consideration of ethical principles is understood by every employee as a matter of course and as part of his or her job. For us, compliance is a fundamental component of integrity and the basis of sustainable corporate management.

Binding ethical requirements for all employees, managers and all corporate bodies as well as for third parties, i.e. for every contractual partner who supplies Fritz Winter with goods, materials or services, are our "Codes of Conduct" for employees as well as for suppliers and other external contractual partners. They are the basis for a legally compliant, open, transparent and value-oriented corporate culture. Together with the principles of the United Nations Global Compact, these codes of conduct form the foundation of all business activities at Fritz Winter. Violations can lead to measures under labor law, civil and criminal proceedings, and even termination of the respective contractual relationship. The current version of the codes can be viewed on Fritz Winter's intranet site and for suppliers and other external contractual partners also on our homepage (<http://www.fritzwinter.de/einkauf/downloads>).

Ongoing, the Compliance Committee, which includes representatives from all areas of the company and supports the work of the Chief Compliance Officer, actively supports the work of the Compliance Officer through suggestions, requests and criticism.

The continuous improvement of the compliance organization is the consequence of a high standard of integrity. Accordingly, management attaches great importance to this issue. Legal and internal regulations, as well as voluntary commitments and ethical principles, are integral components of our corporate culture, and at the same time guide management decisions. Compliance is therefore not only the basis for our conformity with standards, but also part of strategic, performance-oriented management.

The regulations and processes for compliance with statutory and internal requirements often start with individual employees. In the reporting year, FW therefore continued to offer target-group-specific compliance training in the areas of "Basic training in compliance / Code of Conduct", "Product liability", "Avoiding corruption", and "Legal

issues in projects" as part of the continuing education and training program open to all employees, in order to inform employees about the aspects relevant to them. The participants ranged from newly hired employees to employees in direct and indirect areas, as well as junior managers and members of senior management. If required, ad-hoc training courses on specific legal topics can also be offered at any time.

The employees of the Compliance unit are available to all employees as contacts for any legal questions. Contact details are provided to all employees when they join the company and can be accessed on the intranet and training materials at any time.

Stadtallendorf, 20. May 2022
Fritz Winter Eisengießerei GmbH & Co. KG



i.A. Arndt Bäuml

Head of Occupational Safety



ppa. Andreas Fiedler

Head of Human Resources



ppa. Gerald Höbler

Head of Legal Department /
Compliance Officer



ppa. Markus Semmler

Head of Environmental
Protection Department



i.A. Eike Theis

Head of Energy Management



ppa. Dr. Rainald Dobbener

Head of ESG

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Fritz Winter North America LP
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Franklin, KY 42134
United States of America

Introduction

Fritz Winter North American LP (FW-NA), located in Franklin, KY, although still a relatively young operation, continues with its maturation. And like its parent company, Fritz Winter Eisengießerei GmbH & Co. KG (FW-DE) which is located in Stadtallendorf, Germany, fully supports the 10 principles of the UN Global Compact. FW-DE has been a strong supporter of the Global Compact for 14 years. This is now Fritz Winter North America's second year formally in this effort.

FW-NA eagerly commits with the utmost respect to be a socially responsible company. We actively subscribe to the universally proclaimed elements of protecting human rights, following labor principles, promoting environmental stewardship, and fighting corruption in all forms.

Under the guidance and direction from its parent company, FW-NA has implemented policies and procedures to meet or exceed the UN Global Compact principles. FW-NA fully understands the importance of these principles and the critical role they play at all levels – from our local community and on to our global community.

Fritz Winter North America has a robust Management System which clearly defines how we will conduct our business. Starting with our Management Manual and then rolling out through our Policies and Procedures, we describe the general and introduced controls and systems to fulfil all services, requirements and regulations, and legal obligations. Many Policies and Procedures within our management system specifically address and support the 10 principles of the UN Global Compact. The FW-NA Employee Handbook further explains some of these expectations. In the "Code of Business Standards" section there are detailed policies including "Code of Conduct" and "Environmental Protection, Health and Safety". In the Handbook's Equal Employment Opportunity" section, we clarify our commitment to following U.S. law and universally accepted labor principles. Our commitment to adherence is mandatory for all employees of the company. Adhering to legal and official regulations, as well as recognized standards, is a fundamental part of our functioning QMS. Fritz Winter North America is committed to doing things right; we place a high value in going above and beyond what is legally required. In this spirit, we have developed various metrics which we work to and monitor; these are reported out in various methods and frequencies.

HUMAN RIGHTS:

Principles 1 & 2

Fritz Winter North America LP is governed by U.S. law that prohibits the violations of a person's human rights or the abuse of human rights. Although these laws have been in effect in the U.S.



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for many years, FW-NA has taken an approach in its original policy and procedures development to provide company specific guidelines that define how the company will manage the business in the U.S. to our customers, team members and the community in which we operate. Fritz Winter North America is committed to fully support and respect the protection of internationally proclaimed human rights, and is additionally committed to ensuring it is not complicit in human rights abuses.

LABOR:

Principles 3, 4, 5, & 6 –

Fritz Winter North America is subject to numerous employment laws and regulations that provide a fundamental guidance to what the company must do to be compliant with the laws of the U.S.

- The National Labor Relations Act – provides the right for team members to form unions.
- Age Discrimination Act – prohibits discrimination regarding age.
- Child Labor Laws – defines work restrictions to applicants of a certain age.
- Fair Labor Standards Act – equal pay protections.
- American With Disabilities Act – prohibits discrimination of individuals with disabilities.
- Title VII (Civil Rights Act) – prohibits discrimination of protected individuals.

These are just a few of the employment laws FW-NA is subject to. Although we are subject to these laws, Fritz Winter North America wants to be viewed by others in the community and by our workforce as an employer that not only follows the legal requirements but also as one who invests time to our team members to help them achieve personal and professional growth and one that respects team members as an important resource that will help the organization succeed. At FW-NA, we have developed legally compliant policies and procedures that meet or exceed all employment law requirements governing collective bargaining, discrimination, child labor, and equal pay.

Citing from the “Code of Business Standards” section in our FW-NA Employee Handbook,

“This Code of Conduct is aimed at facilitating respect, tolerance, honesty and openness as well as showing integrity towards co-workers and customers, and accepting social responsibility. The guidelines detailed in this Code apply to all company divisions and employees regardless of hierarchical level. The Code of Conduct’s fundamental principle is that all business will be conducted by meeting the highest moral and ethical standard and must comply with all laws and regulations pertaining to our business and operations. Its primary elements concern facilitating the preservation of human rights, equality, transparency and taking a stand in the fight against discrimination, dishonesty and corruption.”

Fritz Winter North America is fully committed to be the employer of choice, a company that people are proud to be a part of, and as such we are continually looking for ways to improve.



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ENVIRONMENT

Principles 7, 8, & 9 –

The U.S. has legal regulations/acts that have been implemented to drive certain organizational behaviors that protect the environment. Fritz Winter North America LP has principles that align with these regulations to protect our team members and the local community where we live. FW-NA has a legal and ethical obligation to comply with the status of these acts. FW-NA and other organizations operating in the U.S. are governed by the following acts/regulations;

- Clean Air Act
- Clean Water Act
- Toxic Substance Control Act
- Occupational Safety/Health Act

FW-NA must demonstrate by policies, procedures, and organizational principles and standards that the company is complying with these and all other federal, state and local environment and safety regulations. Government agencies annually audit FW-NA on site. This affords Fritz Winter North America LP the opportunity to work alongside agency officials to continuously improve our environmental awareness, training and performance. FW-NA utilizes the most current technology to electronically monitor its collection units to ensure peak performance at all times. We regularly sample the runoff storm water, take observations for any air emissions and monitor all waste for reuse or responsible disposal. These actions and audits ensure Fritz Winter North America LP is actively protecting our environmental heritage. FW-NA has a specific department whose only job is to continuously monitor the safety and environmental impacts. This department reports directly to the Director of Operations for FW-NA, and advises the Senior Leadership team regarding the status of all requirements that must be met plus any other metrics we have self-imposed which go beyond legal requirements. In 2021, FWNA made significant strides in procedural development, training, and auditing, in order to solidify its program in preparation for ISO 14001:2015 audits by its registrar. FWNA is on track to achieve ISO 14001:2015 certification in Q3 2022. This will be a significant achievement to show Fritz Winter's commitment to our environment and demonstrate that our systems are effective and functioning properly.

ANTI-CORRUPTION

Principle 10 –

All organizations should have financial systems and practices which limit the company's possible exposure to internal or external corruption, bribery, or extortion. This protocol is critical to gaining the trust of its employees, customers, vendors and stakeholders. The negative image and impacts an organization would likely suffer if there were to be corrupt business practices might never go away. FWNA has implemented rigorous internal and external checks and balances that protect the integrity of our financial reporting. We work closely with our parent company to ensure that our financial systems meet or exceed all



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applicable standards. We also utilize an external auditor to confirm the systems are in place, they are functioning properly, and there is compliance to those systems.

CONCLUSION

Fritz Winter North America is fully committed to doing things right. FW-NA supports the 10 principles of the Global Compact. We will continually strive to ensure our company is aligned with the universally accepted principles in the areas of human rights, labor standards, environmental stewardship and anti-corruption. Fritz Winter North America recognizes that we have an important responsibility to our employees, our community, our society, and our environment.

Franklin, 03 May 2022
Fritz Winter North America LP

A handwritten signature in blue ink, appearing to read 'D. Konsler'.

Darryl Konsler
CEO