

Corporate Governance Statement 2024 fiscal year

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CORPORATE GOVERNANCE STATEMENT
PURSUANT TO SECTION 289 F AND
SECTION 315 D HGB

The Corporate Governance Statement pursuant to section 289 f and section 315 d of the Handelsgesetzbuch (HGB – German Commercial Code) is combined for PWO AG (hereinafter also the “Company”) and the PWO Group (hereinafter also the “Group”, the “Company” or the “PWO Group”) and is an integral part of the combined management report. The contents of this statement are not subject to the statutory audit of the annual financial statements and the consolidated financial statements by the auditor (see section 317(2) sentence 6 HGB).

This statement and the information and documents it contains, including the declaration of compliance under section 161 of the Aktiengesetz (AktG – German Stock Corporation Act), the Rules of Procedure of the Supervisory Board and the Supervisory Board’s requirements profile, are publicly and permanently available on the PWO website at → www.pwo-group.com/en/group/ under the relevant subcategories “Corporate Governance”, “Supervisory Board” and “Executive Board”.

Principles of corporate governance

A strong sense of responsibility is at the heart of how the PWO Group sees itself. We thus believe we are accountable to all stakeholders. The wellbeing of current and future generations is what guides our actions. This includes long-term, sustainable value creation that ensures an environmentally conscious business. We base our product range on sustainability throughout the products’ life cycle, from the raw materials that are used to ensuring they can be recycled in a way that conserves resources. Our corporate governance is built on these principles.

To maintain and reinforce trust in the leadership of PWO AG and the Group among shareholders, employees, customers, suppliers and the public, everyone responsible for management and supervision undertakes to comply with these principles. In implementing them, PWO AG follows the relevant legal

framework and the generally accepted standards of good corporate governance in Germany. Moreover, the PWO Group has signed up to the Science Based Targets initiative (SBTi) to achieve the carbon reduction targets and joined the United Nations Global Compact. The Executive Board and the Supervisory Board cooperate closely and effectively on the basis of trust. Significant new information is communicated transparently and in good time and is conveyed internally and externally at the same time.

Declaration of compliance
under section 161 AktG

The Executive Board and Supervisory Board of PWO AG declare in accordance with section 161(1) AktG (German Stock Corporation Act) that the Company currently complies and will comply in the future with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022 (“Code 2022”), which were published by the German Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022, with the following exceptions:

D.5 GCGC 2022 (Nomination Committee)

The Supervisory Board does not see the need to form a Nomination Committee, as the existing practice of elaborating proposals for suitable candidates for election or re-election to the Supervisory Board by the Annual General Meeting has proven to be effective and efficient. As the Supervisory Board has a total of 6 members, it also considers it to be appropriate for the entire Supervisory Board to be involved in the nomination of candidates for election to the Supervisory Board.

G.10 sentence 1 and 2 of the GCGC 2022 (variable remuneration components for the Executive Board members: variable remuneration predominantly in shares or share-based; accessibility of long-term variable remuneration components)

The recommendations of G.10 sentence 1 and 2 of the GCGC 2022 state that, taking the respective tax burden into consideration, Executive Board members’ variable remuneration shall be predominantly invested in company shares by the respective Executive Board member or shall be granted predominantly as

share-based remuneration. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of 4 years. The remuneration system for the Executive Board members that was resolved by the Supervisory Board on March 25, 2021, then updated and amended in some aspects by way of resolutions dated March 15, 2022 (“remuneration system 2022”) and March 13, 2024 (“remuneration system 2024”) and approved by the Annual General Meeting on June 6, 2024 with a majority of 99.08 percent of the votes cast deviates from these recommendations. The Supervisory Board does not consider the share price to be the relevant indicator for a remuneration system aimed at promoting the corporate strategy and the Company’s long-term development. Instead, the Supervisory Board considers the financial and non-financial performance criteria defined in the remuneration system for determining variable remuneration and the payment of all variable remuneration components in cash to be more suitable. As such, the Supervisory Board believes that the existing variable remuneration structure for the members of the Company’s Executive Board, with its targets lasting up to 3 years depending on the duration of the respective member’s appointment, has proven to be an extremely good basis of measurement and should be largely retained.

The remuneration system does not provide for predominantly share-based variable remuneration, but rather determines the level of this remuneration primarily on the basis of consolidated net profit. In the opinion of the Supervisory Board, this serves to ensure the competitiveness of the Group and the balanced financing of business operations and all necessary innovations and investments while also limiting indebtedness, safeguarding jobs, and allowing the Company’s shareholders to be offered an appropriate return on their capital. As such, consolidated net profit is an important prerequisite for the healthy long-term development of the PWO Group.

Additionally, each Executive Board member receives long-term variable remuneration components annually and on a prorated basis with reference to the basis of measurement, which lasts

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up to 3 years. The Supervisory Board considers these prorated payments to be suitable and appropriate.

Further details, particularly with regard to the variable remuneration components, can be found in the remuneration system, which is publicly accessible on the Company’s website.

For the reasons described above, the variable remuneration granted to current Executive Board members was not and is not predominantly invested in company shares or granted predominantly as share-based remuneration, and it is not the case that the long-term variable remuneration granted is accessible to current Executive Board members only after a period of 4 years. The Executive Board employment contracts of Mr. Carlo Lazzarini and Mr. Jochen Lischer are subject to the current remuneration system.

Oberkirch, December 2024

PWO AG

The Executive Board

	
Carlo Lazzarini Chairman/CEO	Jochen Lischer CFO

The Supervisory Board


Karl M. Schmidhuber
(Chairman)

Current and former declarations of compliance under section 161 AktG are publicly and permanently available on the Company’s website on the PWO Group page (➔ www.pwo-group.com/en/group/) under the heading “Corporate Governance”.

Information on corporate governance practices

Business activity in the PWO Group is based on defined and standardized principles and values and on our definition of responsible corporate governance. PWO AG and the PWO Group are essentially treated equally in terms of business management. Accordingly, there are no material differences between their corporate governance structures.

COMPANY VALUES AND MANAGEMENT PRINCIPLES

The corporate and management culture of the PWO Group is based on values. Our 5 core values are what guide our daily actions.

Integrity | Setting an example in line with our values system.

Long-term relationships with all of our stakeholders are based on integrity. We of course comply with all laws and regulations in place in the countries in which we operate. We observe informal local rules and customs where possible. We always act fairly, honestly and credibly.

Sustainability | We accept responsibility for future generations.

Thinking and acting responsibly and with a view to the long term has been at the heart of our success and decisions in our long company history. This is our internal motivation that we bring into the future. We take a holistic approach to sustainability, both in terms of environmental and social matters and in terms of good corporate governance. We want to set a good example and use our business as a force for good.

Team spirit | We achieve success together.

We search out challenges and overcome them together. All efforts are first and foremost directed at the success of the PWO Group. We are tolerant, respectful and considerate when working with each other. In this working environment, employees can share their knowledge, experience and creativity and show their passion for trying out new ideas. We support them in this and encourage them to reach their full potential.

Progress | Progress is part of our fundamental DNA.

Continuous change and innovation have shaped our business since we were founded more than 100 years ago. Thanks to unique innovative strength at the frontier of what is technologically possible, we are not only a leader in shaping future mobility, we also want to contribute to more sustainable, zero-emission development on new markets. Because we are always open to change when looking at the present, we recognize the future at an early stage.

Customer focus | Customer satisfaction is what drives us.

We often maintain relationships with customers for decades. We gain their trust because we regularly exceed expectations. In everything that we do, we take at least 1 vital extra step, often more. Our focus here is on gaining a comprehensive understanding of each customer’s individual needs in order to find the best possible solution in each case. Zero-error quality is a particular requirement in our production process, and we pursue it every step of the way.

Based on our core values, we have established 8 management principles. They represent our core beliefs and at the same time provide a guide for managers for how they interact with their employees on a daily basis.

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We want to set the standard. This is why we have ambitious goals and make decisions quickly and with an eye to business. We firmly believe that having managers whose basic attitude is one of appreciation, who actively embrace their position as role models and self-reflect on this role is an essential building block of collaboration between managers and employees that is based on trust. It is on this basis that we can continue the PWO Group’s success into the future.

TRANSPARENCY

Alongside statutory requirements and stock market standards for prompt reporting, taking account of the principle of equal treatment of all shareholders (annual and half-year financial reports and quarterly statements, ad-hoc announcements, managers’ transactions and reportable changes in voting shares of which the Company becomes aware), the Executive Board also believes it has an obligation to communicate extensively with the public.

The Executive Board regularly responds to questions from analysts, investors and media representatives. Important information and information that is relevant for evaluating the Group’s prospects is made public as soon as possible. All reports, announcements and key presentations given at conferences are documented on the website at → www.pwo-group.com/en/investors-press/. More information can also be found here, including all required disclosures concerning the Annual General Meeting. The Company’s Articles of Association, the Supervisory Board’s requirements profile and the résumés, professional activities and other mandates held by members of the Supervisory Board can be viewed at → www.pwo-group.com/en/group/ under the subheading “Supervisory Board”.

WHISTLEBLOWER SYSTEM

Violations of the law and unlawful and non-compliant behavior in relation to the corporate values system of the Group can have far-reaching consequences. Potential repercussions include fines, claims for damages or disgorgement of profits. In addition, massive damage to the Company’s image and reputational losses may occur.

The PWO Group has established a whistleblower system to avoid breaches of the law and violations of our internal codes of conduct and to prevent or, at the very least, quickly detect human rights and environmental risks and take appropriate mitigating measures. Whistleblowers can use our whistleblower system around the clock to report suspicions – also anonymously – through a communication channel that is protected by special encryption and security technology.

The whistleblower system receives reports of breaches and risks both from employees and from external parties worldwide and complies with the requirements of whistleblower protection legislation applicable to PWO (including Germany and Czech Republic) and those of the Lieferkettensorgfaltspflichtengesetz (LkSG – German Supply Chain Act).

RISK MANAGEMENT

Good corporate governance includes suitable mitigation of and a responsible approach to all risks associated with business decisions. The PWO Group operates a modern and effective risk management system. Its effectiveness is regularly checked and it is constantly being refined. This applies in particular regarding changes to national legal requirements in Germany and abroad.

CODE OF CONDUCT AND BUSINESS PARTNER CODE

At PWO, complying with legal regulations and ethical standards and requirements is essential and integral to our corporate values and a fundamental requirement for successful and sustainable growth.

To ensure compliance with legal requirements and the ethical principles of the PWO Group, we have set out our compliance guidelines in a Code of Conduct, which is available on our website at → www.pwo-group.com/en/group/corporate-governance/principles-of-conduct/ and is regularly reviewed to assess whether any changes are required.

We also place great value on compliance with minimum standards, primarily regarding human rights, labor conditions, anti-corruption and environmental protection along the entire

value chain. We therefore also involve our business partners directly in our sustainability strategy.

To this end, we have a PWO Business Partner Code of Conduct that describes what we expect from our business partners in terms of ESG to meet the requirements of the German Supply Chain Act that became effective in 2023 and, in some cases, the additional requirements of customers. This is available on our website at → www.pwo-group.com/en/group/supplier-management/ under the subheading “Business Partner Code of Conduct” and is also refined on an ongoing basis.

Moreover, a process for sustainable procurement and business partner compliance has been defined and implemented throughout the Group. In order to monitor our supply chain, we use a digital platform that evaluates data from social media, local news and databases with the help of artificial intelligence and, where appropriate, issues warnings about a large number of risks at suppliers.

The enhanced ESG requirements in particular are reflected in this process. This also involves the growing expectations of the public that companies take responsibility for their supply chains. Furthermore, the process includes the requirements of the German Supply Chain Act.

DIVERSITY

We firmly believe that the decisive criteria for appointing people to management positions are professional expertise and management qualifications. At the same time, we value diversity in all areas of the PWO Group. Both when it comes to filling management vacancies and when it comes to the composition of teams at all levels of the Group, we strive for diversity in terms of personalities, ages, genders, educational and professional backgrounds, and international dimensions. It is our belief that mixed teams improve the quality of decisions because, for example, different perspectives allow new ways of thinking. We are often more attentive when dealing with other people because of the interplay of different experiences. Last but not least, everyone benefits from exchanging knowledge across generations.

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Equal participation of men and women in management positions (targets for women’s representation)

Effective April 1, 2022, the Supervisory Board resolved a target of having 1 woman on the Executive Board and 1 woman on the Supervisory Board of PWO AG by March 31, 2027. Depending on the size of each Board, the proportion of women would be as follows:

- For an Executive Board with 2 members: 50 percent women
- For an Executive Board with 3 members: 33.33 percent women
- For an Executive Board with 4 members: 25 percent women
- For a Supervisory Board with 6 members: 16.67 percent women

Effective April 1, 2022, the Executive Board resolved to aim for a target of 15.38 percent for the proportion of women at the first level below the Executive Board and of 17.14 percent at the second level below the Executive Board of PWO AG by March 31, 2027. At the end of the reporting year, the share was 0.0 percent and 7.14 percent respectively. Overall, the proportion of women at PWO AG is very low, which is thus also reflected in the staffing of management level positions.

The target is based on the rationale that the primary criteria for filling management positions should be professional expertise and management qualifications and that these standards currently seriously limit increasing the share of women on the Executive Board and Supervisory Board due to the nature of the sector. At the end of the reporting year and at present, the 2-member Executive Board was composed of 2 men and the 6-member Supervisory Board was composed of 6 men.

Taking into account the expertise and qualifications of the candidates, the Executive Board is also mindful of diversity when filling management positions and, in particular, aims to give due consideration to women. Nonetheless, PWO AG has traditionally had very low turnover.

Diversity on the Executive Board

The Supervisory Board also takes appropriate account of diversity when appointing Executive Board members. The Supervisory Board has not prepared a separate formal diversity concept for the Executive Board, as it does not consider this suitable given that there are only 2 Executive Board members. However, appointing Carlo Lazzarini from Luxembourg to the Executive Board increased its international nature.

The Supervisory Board has set an age limit for Executive Board members. This states that an Executive Board member can be appointed until the Annual General Meeting following the year in which the Executive Board member turns 65. Deviations from this are possible in justified individual cases.

Diversity on the Supervisory Board

The composition of the Supervisory Board is designed to ensure that it is qualified to supervise and advise the Executive Board. Together, its members must have the knowledge, skills and professional experience needed to properly perform the tasks of a supervisory board at an international publicly traded company in the automotive supply industry.

In accordance with the recommendations of the 2022 Code, the Supervisory Board has established the following specific requirements and objectives for its composition, which – taking the company’s specific situation into account – give suitable consideration to the Company’s international activities, potential conflicts of interest, the number of independent Supervisory Board members, a defined age limit for Supervisory Board members and other diversity factors.

REQUIREMENTS PROFILE FOR THE BOARD AS A WHOLE
Supervisory Board objectives regarding its composition

The composition of the Supervisory Board has to ensure that it is qualified to supervise and advise the Executive Board. Together, its members must have the knowledge, skills and professional experience needed to properly perform the tasks of a supervisory board at an international publicly traded company in the automotive supply industry.

The specific requirements of the Drittelbeteiligungsgesetz (DrittelbG – German One-Third Employee Representation Act) must be complied with regarding the employee representatives.

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In view of this and in accordance with the recommendations and suggestions of the 2022 Code, the Supervisory Board has set the following objectives for its composition:

1. REQUIREMENTS FOR THE COMPOSITION
OF THE BOARD AS A WHOLE

1.1 Competency profile

The Supervisory Board as a whole should have the expertise that is considered material given the activities of the PWO Group. In particular, this includes extensive experience in and knowledge of:

- Managing a larger international company
- The automotive supply business and value creation along different value chains
- Product and process development, especially regarding technology that is relevant to the Group and adjacent or related areas
- Sales and procurement markets, as well as production, quality, distribution and supply chain structures in the automotive industry
- Contract and capital market law
- Business management and controlling
- Accounting, financing, taxation and auditing
- Corporate governance, compliance, risk management and internal auditing
- The sustainability issues that are key for the Company
- Digitalization (opportunities/risks)
- HR management

Regarding the requirements of section 100(5) AktG, which also apply to the Audit Committee (see section 107(4) AktG), at least 1 member of the Supervisory Board must have expertise in the field of accounting and at least 1 other member of the Supervisory Board must have expertise in auditing, and the Supervisory Board members as a whole must be familiar with the automotive supply sector.

Expertise in the area of accounting should take the form of specific knowledge of and experience in applying accounting principles and internal control and risk management systems. Expertise in the area of auditing should take the form of specific knowledge of and experience in auditing annual financial statements. Accounting and auditing also cover sustainability reporting and audits of these reports.

1.2 Independence

Supervisory Board members shall not be members of governing bodies of or exercise advisory functions at significant competitors of the PWO Group and shall not have any personal relationships with a significant competitor.

No more than 2 former members of the Company’s Executive Board shall be members of the Supervisory Board.

1.2.1 INDEPENDENCE FROM THE COMPANY
AND FROM THE EXECUTIVE BOARD

More than half of the shareholder representatives shall be independent from the Company and the Executive Board within the meaning of the 2022 Code. Supervisory Board members are considered independent in this sense if they have no personal or business relationship with the Company or its Executive Board that may cause a substantial – and not merely temporary – conflict of interest.

1.2.2 INDEPENDENCE FROM THE CONTROLLING
SHAREHOLDER

At least 1 shareholder representative shall be independent from the controlling shareholder within the meaning of the 2022 Code. A Supervisory Board member is considered to be independent from the controlling shareholder in this sense if they or a close family member are neither a controlling shareholder nor a member of the executive governing body of the controlling shareholder and do not have a personal or business relationship with the controlling shareholder that may cause a substantial – and not merely temporary – conflict of interest.

1.2.3 CONSIDERATION OF INDEPENDENCE
WHEN PERFORMING FUNCTIONS
ON THE SUPERVISORY BOARD

The chair of the Supervisory Board, the chair of the Audit Committee, and the chair of the (Personnel) committee that addresses Executive Board remuneration, shall be independent from the Company and the Executive Board. The chair of the Audit Committee shall also be independent from the controlling shareholder.

1.2.4 FULL INDEPENDENCE OF
SHAREHOLDER REPRESENTATIVES

The Supervisory Board shall include what it considers to be an appropriate number of (fully) independent members from the group of shareholder representatives, where the shareholder structure shall be taken into account. A Supervisory Board member is considered to be (fully) independent in this sense if they are independent from the Company and its Executive Board and independent from any controlling shareholder.

1.3 Diversity

In terms of the diversity of its composition, the Supervisory Board aims to take into consideration a range of different diversity criteria such as age, gender, educational and professional background and an international dimension.

1.4 International expertise

At least half of the shareholder representatives should have several years of international experience.

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2. REQUIREMENTS FOR INDIVIDUAL
 SUPERVISORY BOARD MEMBERS

2.1 General requirements profile

Supervisory Board members should have business and operating experience and a general knowledge of the automotive sector and the metalworking industry. Based on their knowledge, skills and professional experience, they should be able to perform the tasks of a supervisory board member in an international company and safeguard the PWO Group’s public reputation.

When proposing candidates to the Annual General Meeting, particular attention should be paid to the candidates’ personalities, integrity, commitment, professionalism and independence.

2.2 Limitation of Supervisory Board positions

A Supervisory Board member who is not a member of any executive board of a listed company shall not accept more than 5 supervisory board mandates at non-group listed companies or comparable functions, where an appointment as chair of a supervisory board will be counted twice.

Members of the executive board of a listed company shall not hold more than 2 supervisory board mandates in non-group listed companies or comparable functions in total and shall not serve as chair of a supervisory board in a non-group listed company.

2.3 Availability

Each Supervisory Board member ensures that they have sufficient time available to properly exercise their mandate on the Supervisory Board and discharge their related duties. It must be ensured here in particular that at least 5 ordinary Supervisory Board meetings are held each year, each of which requires suitable preparation, that sufficient time is set aside for auditing the annual and consolidated financial statement documents

and that additional time is allocated in the event of membership on 1 or more committees of the Supervisory Board. Extraordinary meetings of the Supervisory Board or a committee may also be required to address special topics.

2.4 Age limit for Supervisory Board members

As a rule, members of the Supervisory Board must not be older than 70 at the time they are appointed. Deviations from this are possible in justified individual cases.

2.5 Specific requirements for the members
 and the chair of the Audit Committee

At least 1 member of the Audit Committee must have expertise in the field of accounting and at least 1 other member of the Audit Committee must have expertise in auditing. The chair of the Audit Committee should be an expert in at least 1 of these 2 areas.

IMPLEMENTATION OF OBJECTIVES FOR THE COMPOSITION OF
 THE SUPERVISORY BOARD, INCLUDING COMPETENCY PROFILE,
 DIVERSITY CONCEPT, AND INDEPENDENT MEMBERS ON THE
 SUPERVISORY BOARD

Nominations by the Supervisory Board to the Annual General Meeting shall take these objectives into account while simultaneously aiming to fulfill the overall profile of required skills and expertise of the Supervisory Board. The Supervisory Board’s decision regarding the nomination to the Annual General Meeting is always based primarily on the interests of the Company, taking into account all circumstances in the individual case in question.

The current composition of the Supervisory Board meets the requirements and targets set for the Supervisory Board and implements the associated diversity concept. The Supervisory Board has what the shareholder representatives consider to be an appropriate number of independent shareholder

representatives on the Supervisory Board: Karl M. Schmidhuber, Carsten Claus and Dr. Jochen Ruetz are independent of the Company and of the Executive Board. Karl M. Schmidhuber, Carsten Claus and Dr. Jochen Ruetz are independent from the controlling shareholder. Accordingly, Karl M. Schmidhuber, Carsten Claus and Dr. Jochen Ruetz are fully independent.

The Supervisory Board will give due consideration to diversity factors that it considers important when making any developmental changes to its requirements profile for the Board as a whole.

The status of the implementation of the objectives set by the Supervisory Board regarding its composition and the competency profile for the Board as a whole is disclosed below in the form of a skills matrix.

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		Shareholder representatives				Employee representatives	
		Karl M. Schmidhuber	Dr. Georg Hengstberger	Carsten Claus	Dr. Jochen Ruetz	Andreas Bohnert	Stefan Klemenz
Membership	Member of the Supervisory Board since	May 31, 2016	May 22, 2013	May 23, 2018	May 23, 2018	May 20, 2021	May 20, 2021
	Membership of committees	Chair of the Personnel Committee and member of the Audit Committee	Member of the Personnel Committee and of the Audit Committee	Chair of the Audit Committee	Member of the Personnel Committee		Member of the Audit Committee
Diversity	Date of birth	June 14, 1948	Nov. 3, 1963	April 30, 1953	Jan. 14, 1968	Jan. 16, 1990	July 6, 1970
	Gender ¹	Male	Male	Male	Male	Male	Male
	Nationality	AT	DE	DE	DE	DE	DE
Areas of competence (experience and knowledge)	Managing a larger international company	✓			✓		
	Automotive supply business and value creation along different value chains	✓					
	Product and process development ²	✓				✓	✓
	Sales and procurement markets, production, quality, distribution and supply chain structures in the automotive industry	✓					
	Contract and capital market law		✓				
	Business management and controlling	✓		✓	✓		
	Accounting, financing, taxation, risk management		✓	✓	✓		
	Audit			✓	✓		
	Corporate governance, compliance, internal auditing		✓	✓	✓		
	Sustainability (ESG) ³	✓	✓	✓	✓	✓	✓
	Digitalization				✓		
	HR management	✓		✓		✓	✓
Other requirements	Independence ⁴	✓		✓	✓		
	No overboarding ⁵	✓	✓	✓	✓		
	International expertise ⁶	✓			✓		

✓ The criterion is considered to be met based on a self-assessment carried out by the Supervisory Board. The key element here is the fact that the members of the Supervisory Board have a very good grasp of company-specific issues and can make informed decisions based on their qualifications, the knowledge and experience they have acquired as part of their work as a member of the Supervisory Board or the regular training measures completed by members of the Supervisory Board.

¹ Effective April 1, 2022, the Supervisory Board resolved a target of having 1 woman on the Supervisory Board by March 31, 2027. With 6 members on the Supervisory Board, this represents a target of 16.67 percent.

² Product and process development, especially in the area of the technology that is relevant to the Group and adjacent or related areas.

³ Expertise in sustainability issues that are key to the Company in accordance with its sustainability strategy.

⁴ Independence within the meaning of recommendation C.7 of the Code refers to independence from the Company and from the Executive Board. Supervisory Board members are considered to be independent from the Company and its Executive Board if they have no personal or business relationship with the Company or its Executive Board that may cause a substantial – and not merely temporary – conflict of interest (C.7(1) sentence 2 of the Code). Independence within the meaning of recommendation C.9 of the Code refers to independence from the controlling shareholder. A Supervisory Board member is considered to be independent from the controlling shareholder if they or a close family member are neither a controlling shareholder nor a member of the executive governing body of the controlling shareholder and do not have a personal or business relationship with the controlling shareholder that may cause a substantial – and not merely temporary – conflict of interest (C.9(2) sentence 1 of the Code).

⁵ In accordance with recommendation C.4 of the Code, a Supervisory Board member who is not a member of any executive board of a listed company shall not accept more than 5 supervisory board mandates at non-group listed companies or comparable functions, where an appointment as chair of the supervisory board will be counted twice. In accordance with recommendation C.5 of the Code, a Supervisory Board member who sits on the executive board of (another) listed company shall not hold more than 2 supervisory board mandates in non-group listed companies or comparable functions in total and shall not serve as the chair of a supervisory board in a non-group listed company.

⁶ At least half of the shareholder representatives should have several years of international experience.

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PROCEDURES AND COMPOSITION OF THE EXECUTIVE BOARD
AND THE SUPERVISORY BOARD

In accordance with the provisions of the German Stock Corporation Act (AktG), PWO AG has a dual management system that provides for a separation between the Executive Board as the management body and the Supervisory Board as the monitoring body. The Executive Board manages the Company, while the Supervisory Board takes on a monitoring and advisory role. The Executive Board and the Supervisory Board manage and monitor the Company on the basis of the German Corporate Governance Code as currently amended. As (administrative) governing bodies, they are obliged to act in the Company’s best interests.

Executive Board

The Executive Board of PWO AG is required to increase the value of the Company in the long term.

As the management body, it is responsible for its operating business and strategic development. It currently has 2 members. The principles of its collaboration are set out in its Rules of Procedure. The distribution of tasks within the Board is shown in the schedule of responsibilities.

The Executive Board has overall responsibility for managing the Company’s business in accordance with standardized targets, plans and guidelines. Regardless of the Executive Board’s overall responsibility, each of its members is individually responsible for their area but is required to put the interests of this area below the overall interests of the Company at all times. If the measures and business conducted by an Executive Board area also affect 1 or more other Executive Board areas, the Executive Board member responsible must consult with the other Executive Board member involved ahead of time. If no agreement can be reached, the 2 Executive Board members are each required to arrange for a resolution by the full Executive Board.

In addition, if any Executive Board member has concerns about measures in another Executive Board area, the member in

question must bring about a resolution by the full Executive Board if the concerns cannot be remedied by discussing them with the other Executive Board member. Regardless of these principles, measures and business that are of particular importance to the Company or the Group managed by the Company or that entail an extraordinary economic risk must be approved by the full Executive Board.

The CEO coordinates the management of the Company by the full Executive Board. The other Executive Board member must inform the CEO of all significant events and the course of business in their areas on an ongoing basis. Executive Board meetings are to be held at regular intervals, where possible at least every 2 weeks and on specific dates determined in advance on a long-term basis. As the Executive Board consists of 2 members, decisions must always be taken unanimously.

In accordance with the statutory provisions, the Executive Board informs the Supervisory Board regularly, promptly and in detail about all material issues relating to the business operations and development of the Company and the Group, in particular about the intended business policy and other basic issues regarding corporate planning, significant business operations that may be of considerable significance for the profitability or liquidity of the Company or the Group, and current profitability and earnings, including the risk situation and risk management. In addition, the Executive Board reports on investing activities, ongoing development projects and the strategic development of the Company and the Group.

The Executive Board’s Rules of Procedure set out a catalog of transactions and measures that require the prior approval of the Supervisory Board.

The Executive Board prepares the annual and consolidated financial statements and the combined management report of the Company and the Group. It also prepares the half-year financial reports and quarterly statements.

The Executive Board is responsible for ensuring compliance at the Company and subsidiaries, i.e., compliance with legislation, official regulations and internal company guidelines. To this end, it has established a comprehensive compliance management system, which it refines on an ongoing basis. Details on compliance at the Company and in the Group can be found on the PWO website at [➔ www.pwo-group.com/en/group/corporate-governance/compliance/](https://www.pwo-group.com/en/group/corporate-governance/compliance/).

The Company’s Executive Board currently consists of the 2 members Carlo Lazzarini (CEO) and Jochen Lischer (CFO). Information on the members of the Executive Board can be found in the notes to the 2024 consolidated financial statements (under no. 38 “Composition and mandates of the Supervisory Board and Executive Board”) and on PWO’s website at [➔ www.pwo-group.com/en/group/](https://www.pwo-group.com/en/group/) under the subheading “Executive Board” and below under “Other disclosures on corporate governance” in “Executive Board mandates”.

Supervisory Board and committees

The Supervisory Board monitors and advises the Executive Board on management. Its tasks and responsibilities are based on legislative requirements, the Company’s Articles of Association and the Supervisory Board’s Rules of Procedure. Supervisory Board resolutions are approved by a simple majority of votes cast, unless the law stipulates other majorities. The Supervisory Board chair has the casting vote in the event of a tie.

PWO AG’s Supervisory Board consist of 6 members. 2/3 of its members are shareholder representatives and 1/3 are employee representatives. The appointment as chair of the Audit Committee of Carsten Claus, who has specific knowledge and experience in the area of auditing (including auditing sustainability reporting), means that the recommendations of the 2022 Code are met regarding the expertise and independence of the chair of the Audit Committee. With him as a member, the Supervisory Board and the Audit Committee thus also have a financial expert in the field of auditing as referred to by section 100(5) AktG. Both the Supervisory Board and the Audit Committee also have at least

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1 other member with expertise in the field of accounting, including sustainability reporting (Dr. Georg Hengstberger). Dr. Georg Hengstberger has special knowledge and experience in applying accounting principles and internal control and risk management systems. The professional experience and knowledge of Carsten Claus and Dr. Georg Hengstberger are documented in their résumés, which are published on the PWO Group’s website at → www.pwo-group.com/en/group/supervisory-board/.

The targets for the composition and fulfillment of the competency profile for the Board as a whole are taken into account when the Supervisory Board nominates candidates for the election of Supervisory Board members to the Annual General Meeting. The current composition of the Supervisory Board complies with these targets and profile specifications: The members of the Supervisory Board as a whole are familiar with the automotive, metal and electrical industries that are relevant to the activities of the Company and the Group, with at least 1 member of the Supervisory Board having expertise in the area of accounting and at least 1 other member of the Supervisory Board having expertise in the area of auditing. In addition, with Karl M. Schmidhuber and Dr. Jochen Ruetz at least half of the shareholder representatives have several years of international experience.

Members of the Executive Board generally attend Supervisory Board meetings unless the Supervisory Board decides otherwise. If the auditor is consulted as an expert, the Executive Board does not participate in this meeting (to discuss the financial statements), unless the Supervisory Board or the Audit Committee considers this necessary.

The Supervisory Board’s Rules of Procedure include stipulations regarding the formation of committees and regulate their responsibilities. There are currently 2 committees: the Personnel Committee and the Audit Committee. The members of the committees and the respective chairs are listed in the skills matrix in this statement and named in the report of the Supervisory

Board. The report is published in the 2024 annual report and is also available on the Group’s website at → www.pwo-group.com/en/investors-press/news-publications/reports/.

In particular, the Personnel Committee prepares the personnel and remuneration decisions to be taken by the Supervisory Board. Where necessary, it consults with external advisers when preparing remuneration decisions. The Personnel Committee also makes suggestions to the Supervisory Board regarding the Executive Board remuneration system. Its members are the chair of the Supervisory Board, the deputy chair and another Supervisory Board member selected on the proposal of the shareholder representatives on the Supervisory Board. It is chaired by the chair of the Supervisory Board.

The Audit Committee, rather than the Supervisory Board, undertakes the tasks of previewing the annual financial statements, the management report and the audit report furnished by the auditor. It is also responsible for previewing the consolidated financial statements and the group management report. It also performs the other tasks allocated to the Audit Committee by the 2022 Code. The members of the Audit Committee are the chair of the Supervisory Board, a shareholder representative and an employee representative. The Supervisory Board can also appoint additional Supervisory Board members to the Audit Committee. The members of the Audit Committee must as a group be familiar with the sector in which the PWO Group operates. The requirements for 2 members of the Audit Committee to have special expertise in accordance with section 100(5) in conjunction with section 107(4) AktG are presented in particular in paragraph 1. Requirements for the composition of the Board as a whole under paragraph 1.1 above. The chair must not be the chair of the Supervisory Board and must not be a former Executive Board member whose appointment ended less than 2 years ago. The Audit Committee acts in accordance with its own Rules of Procedure.

The chairs of the committees report on the deliberations and resolutions of their respective committees to the Supervisory Board.

The Supervisory Board assesses at regular intervals how effectively the Supervisory Board as a whole and its committees are fulfilling their tasks. The most recent self-assessment was carried out at the Supervisory Board meeting on December 5, 2024, with the assistance of Dr. Gerhard Wirth, Gleiss Lutz, Stuttgart, as an external consultant and using a questionnaire he had prepared and that was sent to the members of the Supervisory Board in advance. In his introduction, Dr. Wirth made various legal references. He addressed the Supervisory Board’s growing monitoring duties due to the increasingly extensive business activities of foreign subsidiaries, the German Supply Chain Act, which entered into force in 2024, and the EU Corporate Sustainability Reporting Directive (CSRD), which has yet to be transposed into national law. The self-assessment focused on the organization, information and sharing of information as well as the quality of reporting, the monitoring of the management, including the monitoring duties of the Supervisory Board at the subsidiaries, the involvement in strategic issues and the topics of sustainability (ESG), risk management, accounting, auditing and corporate governance. The number, duration and procedures of the Supervisory Board meetings, including the quality of the minutes of the meetings, and whether the Rules of Procedure of the Supervisory Board are up to date and appropriate were assessed.

Together with the Executive Board and supported by the Personnel Committee, the Supervisory Board ensures long-term succession planning for Executive Board positions. In this context, the Supervisory Board and the Personnel Committee regularly discuss suitable internal candidates for the Executive Board with the Executive Board. In addition, the Supervisory Board and the Personnel Committee also consider and deliberate on succession planning themselves, in which external Executive Board candidates are included and evaluated. As well as the specific

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knowledge, skills and professional experience required for the Executive Board position, the Supervisory Board and the Personnel Committee also take the corporate strategy into consideration during the selection and decision process for filling (or replacing) a position. The planning horizon here is based in particular on the terms of the current Executive Board members.

In accordance with sections 96(1) alternative 4, 101(1) AktG and sections 1(1) no. 1 and 4(1) DrittelbG in conjunction with Article 8(1) of the Company’s Articles of Association, the Supervisory Board comprises 6 members, 4 of whom must be elected by the Annual General Meeting as Supervisory Board members representing the shareholders (shareholder representatives) and 2 of

whom must be elected as Supervisory Board members representing the employees (employee representatives) in accordance with the German One-Third Employee Representation Act.

The members and mandates of the Supervisory Board in 2024 were:

Name, location	Position	Profession	Member of other statutory German supervisory boards or comparable German or foreign supervisory bodies at commercial enterprises
Karl M. Schmidhuber, Alzenau	Chairman of the Supervisory Board	Former Chairman of the Executive Board of PWO AG	No
Dr. Georg Hengstberger, Tübingen	Deputy Chairman of the Supervisory Board	Graduate in mathematics, Managing Director of Consult Invest Beteiligungsberatungs-GmbH, Böblingen	■ Düker GmbH, Karlstadt Chairman of the Supervisory Board and member of the Advisory Board ■ Düker Email Technologie GmbH, Laufach Chairman of the Advisory Board ■ 2920 Matheson Boulevard Holdings Limited, Ontario, Canada Member of the Board of Directors ■ Stallion Hill Enterprises Inc., Ontario, Canada Member of the Board of Directors
Andreas Bohnert, Kappelrodeck	Employee representative	Process planner and Chairman of the Works Council of PWO AG	No
Carsten Claus, Aidlingen		Former Chairman of the Management Board of Kreissparkasse Böblingen	■ Deutsche Sport Marketing GmbH, Frankfurt am Main Member of the Advisory Board ■ Gemeinnützige Werkstätten und Wohnstätten GmbH, Sindelfingen Member of the Supervisory Board ■ Gemeinnützige Stiftung Zenit, Gärtringen Member of the Foundation Board ■ Stiftung Umwelt und Schädenvorsorge der SV SparkassenVersicherung Gebäudeversicherung, Stuttgart Member of the Board of Trustees
Stefan Klemenz, Kappelrodeck	Employee representative	Production planner and member of the Works Council of PWO AG	No
Dr. Jochen Ruetz, Stuttgart		Managing director/CFO and member of the Administrative Board of GFT Technologies SE, Stuttgart	No
Dieter Maier, Stuttgart	Honorary Chairman of the Supervisory Board until August 14, 2024 †	Former member of the Executive Board of Baden-Württembergische Bank AG, Stuttgart (Chair of the Supervisory Board of PWO AG from 1989 to 2016)	No

Further details on the composition and procedures of the Supervisory Board and its committees as well as on the members of the Supervisory Board can be found in the report of the Supervisory Board and the notes to the 2024 consolidated financial statements (under no. 38 “Composition and mandates of the Supervisory Board and Executive Board”), which are included in

the 2024 annual report published on the PWO website (➡ www.pwo-group.com/en/investors-press/news-publications/reports/), as well as on the PWO website at ➡ www.pwo-group.com/en/group/ under the subheading “Supervisory Board”.

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OTHER DISCLOSURES ON CORPORATE GOVERNANCE

Shareholders and Annual General Meeting

The Executive Board is especially committed to PWO AG's shareholders because, as their owners, they provide the capital to maintain and expand the PWO Group's international market position. The Executive Board's most important obligation is to safeguard PWO AG as a going concern and permanently strengthen its competitiveness and that of its subsidiaries while at the same time generating the most attractive long-term and sustainable return on the capital provided possible.

Shareholder interests and rights are protected in full. All shareholders are treated equally. PWO AG shareholders exercise their rights at the Annual General Meeting, which is held at least once a year.

All shareholders who register on time and furnish proof of their shareholdings are entitled to attend the Annual General Meeting. Shareholders who are unable to take part in the Annual General Meeting themselves can have their voting rights exercised by a proxy of their choice. The Company also provides voting proxies for this, who are obliged to follow the instructions of the shareholder in question. All documents and information on the Annual General Meeting are available on our website.

There were no conflicts of interest in the last fiscal year involving Executive Board members that would require immediate disclosure to the Supervisory Board.

EXECUTIVE BOARD MANDATES

Name, location	Position	Memberships in other statutory supervisory boards in Germany and comparable supervisory bodies of commercial enterprises in Germany and abroad
Carlo Lazzarini, Bergisch Gladbach	CEO and Chairman of the Executive Board	PWO Canada Inc., Kitchener, Canada Chairman of the Board of Directors PWO Czech Republic a.s., Valašské Meziříčí, Czechia Member of the Supervisory Board PWO Holding Co., Ltd., Hong Kong, China Director PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China Chairman of the Board of Directors PWO de México S.A. de C.V., Puebla, Mexico Chairman of the Board of Directors wvib Schwarzwald AG, Freiburg Member of the Advisory Board Sparkasse Offenburg/Ortenau Member of the Advisory Board Hochschule Offenburg (Offenburg University of Applied Sciences) Member of the Board of Trustees
Jochen Lischer, Brühl	CFO	PWO Canada Inc., Kitchener, Canada Member of the Board of Directors PWO Czech Republic a.s., Valašské Meziříčí, Czechia Chairman of the Supervisory Board PWO Holding Co., Ltd., Hong Kong, China Director PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China Member of the Board of Directors PWO de México S.A. de C.V., Puebla, Mexico Member of the Board of Directors

REPORTABLE TRANSACTIONS WITH FINANCIAL INSTRUMENTS
("MANAGERS' TRANSACTIONS") AND SHAREHOLDINGS OF
THE GOVERNING BODIES

In accordance with Article 19 of the Market Abuse Regulation (MAR), members of the Executive Board and the Supervisory Board, in their capacity as individuals discharging managerial responsibilities, persons closely associated with them and other managers who are authorized to make business decisions for the Company and regularly have access to insider information, are required to inform the Company and the German Federal Financial Supervisory Authority (BaFin) of managers' transactions in shares or debt instruments of the Company or other related financial instruments within 3 working days. However, this applies only if the total amount of the transactions carried out by the person subject to the reporting requirement comes to at least EUR 20,000.00 within 1 calendar year. The Company is required to publish notifications it receives within 2 working days of receiving them and to send these to the business register. BaFin is also informed of the publication.

The notifications concerning managers' transactions and transactions by persons closely associated with them in accordance with Article 19 MAR are published at → www.pwo-group.com/en/investors-press/the-pwo-share/managers-transactions/.

Dr. Georg Hengstberger, who is a member of the Company's Supervisory Board, is a co-partner and managing director of Consult Invest Beteiligungsberatungs-GmbH, Böblingen. He held 46.85 percent of PWO AG's outstanding shares as of the end of fiscal 2024.

ACCOUNTING AND AUDITING

The financial statements for the half-year and fiscal year of the Group are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union. These accounting principles are also applied in the Group's quarterly statements. PWO AG's annual financial statements are prepared in accordance with the German Commercial Code.

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The consolidated financial statements and the annual financial statements were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Stuttgart branch, the auditor appointed by the 2024 Annual General Meeting. The Supervisory Board agreed with the auditor that the auditor will inform the chairman of the Audit Committee without delay of any grounds for disqualification or bias that may arise during the audit, unless these are resolved immediately. The auditor will also report without undue delay any findings and events that are material for the duties of the Supervisory Board and that arise when the audit of the annual financial statements is conducted.

REMUNERATION REPORT AND REMUNERATION SYSTEM

The remuneration report on the past fiscal year, the auditor’s report in accordance with section 162 AktG, the current remuneration system in accordance with section 87a(1) and (2) sentence 1 AktG and the last remuneration resolution in accordance with section 113(3) AktG are available to the public on the PWO website at → www.pwo-group.com/en/group/corporate-governance/.

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The English translation of this document is provided for ease of understanding only. In the event of a difference in interpretation between the German and English texts, the German version shall prevail.

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