



Sustainability Report 2023

Including a non-financial declaration on compliance with EU directive 2014/95/EU and an additional section on climate protection



Report 23

Sustainability

Since the company was founded in 1898, sustainability has always taken centre stage in our business activities. Our earliest machines were powered by hydroelectricity. And on the social front, we have been setting sustainability standards since the beginning of the 20th century by setting up our own works nursery and kindergarten facilities, which over the years have been expanded. In this report, we are delighted to present you with the current situation.

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Dear readers,

We are pleased to present ARNOLD's latest sustainability report. As a company, we are firmly convinced that sustainable business practices are an essential contribution to securing the future for generations to come and for our planet. We at ARNOLD have been actively committed to this vision for over 125 years.

Our commitment to sustainability is reflected not only in our innovative fastening systems of the highest quality, but also in our long-standing commitment to economic, ecological and social responsibility. Since the company was founded in 1898, sustainability and climate protection have been an integral part of our corporate activities. Today, our claim "BlueFastening Systems" symbolizes our deep-rooted commitment to a sustainable future.



From left to right: Thorsten Lienhardt-Schuster (COO Fastening Systems), Frank Guse (Human Resources & Organisation), Mario Metzger (CMO), Uwe Wolfarth (Senior Director Research & Development / Licensing), Dirk Döllner (CEO), Steffen Müller-Hornung (Senior Director Procurement & Supplier Management), Lukas Schmiege (COO Functional Components), Bernd Weidner (COO Fastening Solutions)

In this report, we would like to give you an insight into our sustainability strategy. We also present the guiding principles on which our commitment to sustainability is based. An important aspect of this is the interplay between our activities and the Sustainable Development Goals (SDGs) of the UN Global Compact, to which we are expressly committed.

In the separate climate protection chapter, you will find

information about our measures in operational climate protection. By investing in renewable energies, optimizing production and involving all stakeholders, we strive to continuously minimize our ecological footprint.

We cordially invite you to find out more about our measures and progress. Together we are working to create a sustainable future for all.

1. About us

Presenting the company

ARNOLD UMFORMTECHNIK: This is us

Based on many years of expertise in the production of intelligent fasteners and highly complex extruded parts, ARNOLD UMFORMTECHNIK has become a comprehensive supplier and development partner for complex fastening systems in recent years.

ARNOLD sets special standards in sustainable product and service development. In combination with the modern ARNOLD production system, high-tech solutions for the fastening technology of tomorrow are created here. This enables continuous growth in all areas of the mobility market as well as in adjacent markets such as the electrical industry. As a globally active company, ARNOLD has subsidiaries in France and sister companies in China and the USA. In addition, sales offices in Mexico, Austria, Poland, Romania, Sweden, Spain, South Korea, the Czech Republic and Hungary ensure the international availability of ARNOLD products and

ARNOLD – internationally the name stands for efficient and sustained technology at the highest level.

services.

Quality, reliability and long-term customer satisfaction are at the heart of the company's philosophy. In order to live up to this claim, ARNOLD relies on comprehensive quality management: certifications according to DIN EN ISO 9001, IATF 16949, ISO 45001, ISO 50001, ISO 14001, CQI-9 and CQI-11 are established standards within the company.

Today, ARNOLD is one of the world's leading manufacturers of high-quality fasteners, cold extruded parts and processing technology. The company owes this status above all to the innovative strength and commitment of its 1,469 employees, who take on the challenges of the global market day after day and transform them with great dedication into complex fastening technology and customer-oriented, intelligent services.

Materiality principle

This report documents our sustainability work. The report follows the materiality principle. It contains all the information required for an understanding of our company's sustainability situation and reflects the important economic, environmental and social impacts of our company.

Formulations in this report

In accordance with Principle 1 of the WIN Charter, we oppose all forms of discrimination and are committed to using forward-looking language that appeals to all genders. We therefore use gender-neutral language.



2. Internationalizing sustainability awareness

Our sustainability activities in other formats

Manufacture2030	Management and monitoring of climate protection measures.
EcoVadis	The EcoVadis sustainability rating is a comprehensive assessment of a company's sustainability performance in global supply chains.
CDP Report 2023	The Carbon Disclosure Project (CDP) is a non-profit organization that collects and analyzes data on harmful environmental impacts on an annual basis.
UN Global Compact	Strategic sustainability reporting for internationally active companies. Based on the sustainability principles of the United Nations.
GRI Report 2023	Global Reporting Initiative (GRI) International standard for the collection of individual key figures for sustainability reports.

Commitment to the ten principles of the UN Global Compact

In 2021, ARNOLD signed the ten principles of the United Nations Global Compact. In line with our corporate responsibility as a globally active company, we see it as our duty to expand our sustainability policy to an international level.

We are committed to supporting and improving human rights and labor standards, protecting the environment and fighting corruption within the company and for other stakeholders.

In line with our commitment to the Charter of the Sustainability Initiative and the UN Global Compact, ARNOLD integrates these principles, as well as the WIN guidelines, into its corporate strategy, corporate culture and day-to-day business. At ARNOLD, sustainable management in this context means that the social, ecological and economic footprints that the company and all employees leave behind in their work are in harmony with each other and thus contribute to securing the long-term future – and have done so for more than 125 years.

1

Protecting international human rights

2

Avoiding breaches of human rights

3

Recognition of the right to collective bargaining

4

Removing all forms of forced labor

5

Banning child labor

6

Removing discrimination when appointing and recruiting staff

7

Taking a precautionary approach to avoid environmental problems

8

Taking initiatives to promote environmental awareness

9

Developing and disseminating environmentally friendly technologies

10

Fighting all kinds of corruption, extortion, and bribery



WE SUPPORT

The United Nations Global Compact is a global Corporate sustainability initiative. Ten universal principles serve as the foundation on which to set sustainable development goals and achieve a sustainable global economy.

3. Our Corporate Social Responsibility Principles

We are proud to have been a founding member of the Sustainability Business Initiative (WIN Charter) in 2014. By signing the WIN Charter, we are acknowledging our economic, ecological and social responsibility. We also identify with the region in which we do business.

THE TWELVE PRINCIPLES OF THE WIN-CHARTA

These twelve principles set out our understanding of what sustainability means.

Human rights, social and employee interests

Principle 1 – Human and employee rights: *“We hold in high regard and protect human and employee rights, ensure and promote equal opportunities and prevent any form of discrimination and exploitation in all our corporate processes.”*

Principle 2 – Employees’ wellbeing: *“We hold in high regard, protect and promote the wellbeing and interests of our employees.”*

Principle 3 – Interest groups: *“In all our processes we take into account and have regard for the relevant stakeholders and their interests.”*

Environmental interests

Principle 4 – Resources: *“We increase the efficiency of resources, raise productivity of raw materials, and reduce the utilization of natural resources.”*

Principle 5 – Energy und emissions: *“We implement renewable energies, increase energy efficiency and reduce greenhouse emissions in line with targets, or offset them to be climate-neutral.”*

Principle 6 – Responsibility for product: *“We take responsibility for our services and products by examining the value-added process and the product cycle for sustainability and create transparency in this regard.”*

Financial value

Principle 7 – Corporate success and jobs: *“We ensure the long-term success of the company and provide employment in the region.”*

Principle 8 – Sustainable innovations: *“We promote innovative processes in products and services that increase sustainability, and which emphasize the potential for innovation in the Baden-Württemberg economic region.”*

Sustainable and fair financing, anti-corruption measures

Principle 9 – Financial decisions: *“We act always in the spirit of sustainability, in particular within the context of decisions relating to financial resources.”*

Principle 10 – Anti-corruption: *“We prevent corruption, and disclose and sanction such behavior.”*

Regional value

Principle 11 – Regional value: *“We generate added value for the region in which we are economically active.”*

Principle 12 – Incentives to rethink ideas: *“At corporate level we implement incentives to influence opinion and actions, including our employees and all other stakeholder groups, into a consistent process of increasing corporate sustainability.”*



COMMITTED COMPANY FROM BADEN-WÜRTTEMBERG

You can find detailed information about the WIN-Charta and the other signatories at www.nachhaltigkeitsstrategie.de/wirtschaft/win-charta/win-charta-unternehmen



ECONOMIC
ECOLOGICAL
SOCIAL



4. Sustainable Development Goals

Our guiding principles in the mirror the 2030 Agenda

The 2030 Agenda for sustainable development

In September 2015, the 2030 Agenda for Sustainable Development was adopted by the heads of state and government of all member states. With the 2030 Agenda, the international community is pursuing the goal of jointly tackling global challenges such as poverty and hunger, climate change and biodiversity loss and shaping global development in a sustainable way.

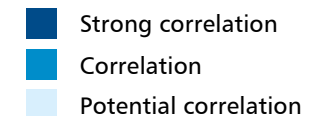
At the heart of the agenda are the 17 Sustainable Development Goals (SDGs). The SDGs are the first internationally recognized development goals based on all three dimensions of sustainability: ecological, social and economic. The goals themselves can be considered independently of each other and in combination.

Our guiding principles can be assigned very well to these 17 goals.

We can be the first generation to succeed in eradicating poverty, just as we could be the last to have the chance to save our planet.²

**SUSTAINABLE
DEVELOPMENT
GOALS**

		SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17
		No poverty	No hunger	Good health and well-being	Good education	Gender equality	Clean water and sanitation	Affordable and clean energy	Decent work and economic growth	Industry, innovation and infrastructure	Reduced inequalities	Sustainable cities and communities	Responsible consumption and production	Climate policy	Life under water	Life on land	Peace, justice and strong institutions	Partnership for the goals
Principle 1	Human & employee rights					Strong correlation	Correlation		Strong correlation		Correlation							
Principle 2	Employee well-being			Correlation	Correlation				Potential correlation									
Principle 3	Stakeholders																Correlation	Potential correlation
Principle 4	Resources		Correlation	Potential correlation			Strong correlation			Potential correlation		Potential correlation	Strong correlation		Potential correlation	Strong correlation		
Principle 5	Energy and emissions							Strong correlation		Potential correlation		Potential correlation	Strong correlation	Correlation				
Principle 6	Product responsibility	Potential correlation		Potential correlation			Strong correlation						Strong correlation		Potential correlation	Strong correlation	Potential correlation	
Principle 7	Corporate success & jobs							Strong correlation			Correlation							
Principle 8	Sustainable innovation								Strong correlation	Correlation								
Principle 9	Financial decisions	Potential correlation							Strong correlation							Correlation		Correlation
Principle 10	Anti-corruption																Strong correlation	
Principle 11	Regional added value							Strong correlation			Potential correlation							Correlation
Principle 12	Incentives to rethink				Correlation				Potential correlation				Strong correlation	Strong correlation				Strong correlation



Abbildung³

5. Our main topics

Overview

Principle 5: Energy und emissions

↳ “We implement renewable energies, increase energy efficiency and reduce greenhouse emissions in line with targets, or offset them to be climate-neutral.”

Principle 7: Corporate success and jobs

↳ “We ensure the long-term success of the company and provide employment in the region.”

Principle 11: Regional value

↳ “We generate added value for the region in which we are economically active.”



Photovoltaic system at the Dörzbach site

Principle 1: Energy and emissions

THE AIM

"We implement renewable energies, increase energy efficiency and reduce greenhouse emissions in line with targets, or offset them to be climate-neutral."

WHY THESE FOCAL POINTS ARE PARTICULARLY IMPORTANT TO US

At ARNOLD UMFORMTECHNIK, sustainable management has been a priority for more than 125 years: We want to harmonize social, ecological and economic commitment – with the aim of securing the long-term future of our company and our environment. In this context, participation in the WIN Charter with its commitment to sustainable management is anchored in our corporate policy. The principles listed in the WIN Charter are all part of ARNOLD's corporate policy. By choosing the three above-mentioned guiding principles for a stronger focus, we see the opportunity to consistently continue projects already started in these areas and to achieve concrete results within a defined time frame. Furthermore, these three guiding principles reflect the three pillars of sustainability "Economy", "Ecology" and "Social" very well.

One of our focal points is the guiding principle "Energy and emissions". In this context, we also refer to the additional chapter "Climate protection" in this WIN Charter report.



MEASURES TAKEN

- ⊕ Operation and maintenance of the hydropower plant in Ernsbach with the aim of increasing the share of renewable energies and reducing energy consumption
- ⊕ Operation and maintenance of the photovoltaic plant in Dörzbach, also with the aim of increasing the share of renewable energies and reducing energy consumption
- ⊕ Further expansion of photovoltaic systems in Dörzbach with the aim of increasing the share of renewable energies and reducing energy consumption
- ⊕ Operation and maintenance of a battery storage system for peak load capping with the aim of reducing peak loads and relieving the load on the grid connection
- ⊕ Energy management team (hereinafter referred to as EMT) with energy management officer: implementation of projects for permanent optimization of energy generation/use, e.g. projects to reduce heating oil consumption; establishment of a regional energy management network
- ⊕ The EMT completed three projects in Dörzbach: Connection of compressor control to energy monitoring, connection of heat recovery from the hardening shop to the entire site (711,985 kWh) and expansion of roof-mounted PV hall 5+6 (1,345,997 kWh)
- ⊕ Nine projects were successfully implemented in Ernsbach: Commissioning of the site, commissioning of the PV system in Rauhbusch, commissioning of heat recovery at the hardening oven and oil mist extraction in hall 11, retrofit on a ventilation unit in hall 14; this resulted in savings of 1.44 million kWh
- ⊕ Annual energy-saving training for employees
- ⊕ Preparation of a carbon footprint to raise awareness and as a basis for optimizing further measures (to be prepared by Klimaktiv for 2023)
- ⊕ Compensation of unavoidable GHG emissions (e.g. via Atmosfair)
- ⊕ Creation of an overall energy concept (electricity, heating and cooling supply) for the Dörzbach site to increase energy efficiency through new sustainable technologies in the area of heating and cooling supply

Principle 1: Energy and emissions



- Expansion of the grid connection for further growth with connection to renewable energy plant parks
- The construction of the infrastructure for e-mobility (e-charging stations) was completed in Ernsbach, Dörzbach and Rauhbusch in 2023: Dörzbach has five charging points, Rauhbusch three and Ernsbach six

RESULTS AND DEVELOPMENTS

Sustainability and a responsible approach to energy consumption as well as the constant reduction of emissions are deeply rooted in the principles of ARNOLD's corporate philosophy. By operating and maintaining its own waterworks, the company demonstrates its seriousness when it comes to regenerative energy sources and optimizing the use of energy.

A reduction in energy consumption is being driven forward in all areas of the company, while at the same time sources of renewable energy are being consistently expanded.

Increasing energy efficiency plays an important role in achieving the above-mentioned goals: we are constantly working on hall ventilation systems in new buildings and extensions (Dörzbach and Rauhbusch). We are also focusing on replacing the water baths operated by cooling systems at the tempering furnaces of the

hardening plants. In future, air-supported cooling is to be used here to save energy.

We are replacing the entire lighting system (previously fluorescent tubes) with LEDs. We are also keeping the operating costs for vehicles low by charging them at home or at work.

INDICATORS

Indicator 1: Investments in SHE projects

- Dörzbach: € 10,244 (control technology), € 229,354 (heating network and control system), € 309,239 (PV system)
- Ernsbach: € 418,301 (retrofit € 10,000, heat recovery project at the hardening oven and oil mist extraction € 198,000)
Note: Extraction system is presented in the follow-up report, inauguration took place in December 2023.

Although electricity consumption initially increased due to investments in the new machinery and the new building, it was possible to counteract this trend by taking consistent measures. For example, a total of almost 2,2 million kWh was generated by the company's own solar and hydroelectric power generation.

Dörzbach gained approx. 1.3 million kWh from the PV system, Ernsbach approx. 4,000 kWh and almost 1

million kWh from hydropower and Rauhbusch almost 2,000 kWh.

Indicator 2: Climate-friendly mobility, e.g. through the use of C.A.R.E. diesel (fuel made from cooking fat waste) and R33 Blue Diesel (sustainable diesel) for the vehicle fleet.

We also offset unavoidable GHG emissions, e.g. via Atmosfair.

We use quantitative energy and emissions savings as indicators.

Indicator 2: Our strategic goals by 2025 for our plants in

- Ernsbach: Reduction in electricity consumption by 2.79% and reduction in heating energy by 6.29%
- Dörzbach: Expansion of in-house electricity generation to approx. 3,100,000 kWh/a Development of waste heat potential approx. 630,000 kWh/a

THE OUTLOOK

Although ARNOLD can look back on a large number of successfully completed projects, the EMT is constantly planning new measures to reduce emissions and optimize the use of various energies.

The hydroelectric power station on the Kocher river

A responsible approach to energy consumption and the reduction of emissions are deeply rooted in the company philosophy.

The following projects have already been decided and are being planned for the future:

- ⊕ SHE projects: continuous planning of further measures to reduce emissions and optimize the use of various energies
- ⊕ Creating transparency in energy flows
- ⊕ Automatic shutdown of compressed air when machines and systems are switched off
- ⊕ Planning the creation of an overall energy concept (electricity, heating and cooling supply) for the Dörzbach and Ernsbach sites
- ⊕ Gradual conversion of company vehicles to e-mobility: in recent years, 45 fully electric company vehicles have already been newly registered and 21 ordered, so that ARNOLD's company fleet will have a total of 66 fully electric vehicles by March 2024 (235 in total); further orders are being planned; the number of charging points on the company premises is 22
- ⊕ A new technical center for heat generation using renewable energy is being built at the Dörzbach site; the building application was submitted in April 2024; the corresponding overall energy concept has already been drawn up and reviewed
- ⊕ From the second half of 2024, an additional energy officer will support the EMT



Principle 2: Corporate success and jobs

THE AIM

„We ensure the long-term success of the company and provide employment in the region.“



MEASURES TAKEN

- ⊕ Extensive investments were made in the Hohenlohe sites in 2023
- ⊕ A strategy process is used to ensure the targeted orientation of the company
- ⊕ The “Future of Work” strategic thrust summarizes various topics that make ARNOLD fit for the future
- ⊕ Even in economically weak times, the company offers a wide range of dual training and study places in the Hohenlohe region; the company actively contributes to creating and maintaining jobs and presents itself as an attractive employer by continuously recruiting new employees
- ⊕ Continuous expansion of jobs at the Dörzbach site; the increase in sales in 2023 is in line with the defined growth strategy
- ⊕ The focus in the area of sustainable forming technology is on functional components, which is why a new production site was built and inaugurated in the region for its expansion

INDICATORS

- Indicator 1:** Investments in Hohenlohe locations in the amount of € 24.8 million in 2023
- Indicator 2:** 84 jobs for trainees and students

RESULTS AND PERFORMANCE

The vision, mission and strategic directions (New Mobility, Internationalization, Future of Work, Sustainability, Digitalization) have been defined and are continuously refined and adapted.

Although economic conditions remained difficult in 2023, ARNOLD invested over € 24.8 million in its production sites in the Hohenlohe region.

The company also succeeded in creating a total of 84 jobs. 68 of these jobs are for apprentices and 14 are for dual students who will be integrated into our day-to-day operations in the future.

In 2023, a total of 21 trainees and dual students will be taken on.

We are also pleased to have hired 58 new employees in the past year, including rehires. As of December 31, 2023, we therefore have 1,164 employees, including people on maternity and parental leave and mini-

jobbers (excluding vacation workers, working students, pensioners and interns).

The ARNOLD employer brand will be defined and lived even more precisely in future. This will be done with the help of workshops (brand steering wheel) and employee surveys. The positioning is tested using the following eight arguments:

- ⊕ ARNOLD offers comprehensive support when it comes to achieving big goals. In this sense, ARNOLD clearly positions itself against ways of thinking that “keep employees down”: teamwork instead of elbow mentality, productive networking instead of silo thinking, personal responsibility instead of a belief in hierarchy – this is what characterizes ARNOLD
- ⊕ At ARNOLD, employees can not only grow professionally, but their personal development is also encouraged – through talent programs at various levels
- ⊕ ARNOLD supports employees who want to make a difference outside the workplace in their social commitment
- ⊕ ARNOLD has grown thanks to the commitment of its employees. In just 20 years, the company has developed from a traditional screw supplier to an international top 5 player in the industry

- ⊕ Behind everything ARNOLD does is a holistic strategy that aims to firmly establish sustainable action on an economic, ecological and social level. Here, too, ARNOLD is striving for great things. Every single employee is part of this transformation
- ⊕ ARNOLD gains additional strength from the Group alliance with Würth, which further increases the company's opportunities – and those of all employees – considerably

On this basis, a new visual language and a new slogan “With you it will be great” and an adapted communication strategy were developed.

In December 2023, the new Rauhbusch production site for the “Functional Components” business division was inaugurated.

In addition, approval was granted for the construction of a new surface center.

In 2023, ARNOLD generated revenue of around € 235 million, employed a total of 1,164 people.

THE OUTLOOK

„Corporate success and jobs“: This topic will also remain a key focus for ARNOLD in the future. We will continue to pursue our strategy of differentiated business areas and directions in order to ensure the long-term success of ARNOLD.

Continuous professional and personal development is

particularly important to us. We will therefore continue to support all of our employees in their further development in the coming year and place a particular focus on experts and specialists in our company. Total investments of around € 30 million are planned for 2024 (as at April 16, 2024).

Our employees
The professional and personal development of our employees is very important to us.



Principle 3: Regional added value

THE AIM

“We generate added value for the region in which we are economically active.”

MEASURES TAKEN

- ⊕ Sponsoring the local sports and cultural landscape, e.g. in youth work
- ⊕ In particular, we support the newly created “Kickers Mittleres Kochertal” football team as a youth project
- ⊕ Supporting local environmental protection by preserving and maintaining the River Kocher in the Ernsbach district; the company's own water protection and environmental protection officer plays an important role in this, regularly attending external training courses
- ⊕ Installation of an in-house water protection and environmental protection officer who attends external training courses at regular intervals
- ⊕ “We for Hohenlohe” initiative: various projects were implemented at Dörzbach elementary school, such as the Sindringen barefoot path, Berlichingen pasture house, Niedernhall soccer trolley and sustainable cooking
- ⊕ Initial equipment for first graders in the partner schools Ernsbach, Forchtenberg and Dörzbach worth €6,000
- ⊕ Support for regional restaurants by including them in the Christmas voucher campaign



SDG 4

Good education



SDG 8

Decent work and economic growth



SDG 17

Partnership for the goals

- ⊕ Support for the Hohenlohe screw and fastening cluster
- ⊕ In addition, we have taken and intensified our responsibility for the Kocher river by implementing various measures for its care and regular maintenance: Cleaning up and maintaining the riverbank; stocking and restocking fish; repairing the weir; refurbishing and cleaning the fish ladder to improve flow velocity and keep the pump clean

INDICATORS

Indicator 1: In-kind support for sports and cultural associations in the amount of € 19,646

Indicator 2: Maintenance of "class 2000" school partnerships in Dörzbach, Ernsbach and Forchtenberg; target / result: 20/20 (100%)

RESULTS AND PERFORMANCE

The ARNOLD children's holiday program took place in 2023. We were able to support the program in the municipalities of Dörzbach and Ernsbach with our own

events, planning support from our trainees and dual students as well as funds.

We launched the “Mint-Tech” project. This involves ARNOLD trainees visiting schools to talk about their professional experience and working life. The aim is to provide schoolchildren with career guidance in the technical field.

The “Klasse 2000” project has been close to our hearts for some time now. We have continued our financial support to enable school classes in Dörzbach, Ernsbach and Forchtenberg to take part in sustainable cooking courses and to offer first aid courses for parents. We fully identify with the mission of the “Klasse 2000” project, which aims to promote physical and mental health and prevent violence and addiction.

At university level, we worked with Prof. Wäldele from Reinhold Würth University of Applied Sciences in Künzelsau to implement face-to-face training for students on various courses. The seminars and instructional videos focused on connection technology.

We consider the correct separation of waste to be just as important and supported the schools in Dörzbach in this regard. Here, the waste paper collection was optimized and the pupils were able to collect money for school trips.

In 2023, we also received the Würth Fire Protection Award.

THE OUTLOOK

We want to assume long-term responsibility in the communities where our production sites are located. For us, this means continuing to support the selected commitments, in particular the school partnerships.

In addition, the collaboration with Prof. Wäldele is to be continued. Since the pandemic has made it possible, important face-to-face events have been offered here, which we would like to maintain.

ARNOLD is also continuing to take responsibility for the River Kocher through appropriate maintenance and upkeep measures.

We want to further expand the “We for Hohenlohe” project and will also continue our annual support for the Mittleres Kochertal football team.

Our work in primary School & Kindergarten

left: Barefoot path
Kindergarten Sindringen
above: Cooking course
Forchtenberg elementary school
right: Initial equipment
for first graders



6. Other activities

Human rights, social & employee issues



Principle 1: Human and worker rights

“We hold in high regard and protect human and employee rights, ensure and promote equal opportunities and prevent any form of discrimination and exploitation in all our corporate processes.”

MEASURES AND ACTIVITIES

- + We have set an example against discrimination by working together in international teams
- + “Diversity” is a core issue for us that is reflected in all our activities and measures, e.g. as part of our training and development program
- + We have ensured the enforcement of the Transparency Act for Equal Opportunities between Men and Women

RESULTS AND PERFORMANCE

- + The principles of the ARNOLD guidelines now also apply to suppliers
- + By participating in “Girls’ Day” and “Boys’ Day”, we have promoted equal opportunities in technical professions
- + We also promote equal opportunities by implementing the Talent Assessment Process (TAP for short), where, for example, one third of talented employees are women
- + We have continuously expanded the activities of the Works Council and actively promote its work
- + We are committed to the “Diversity Charter”
- + An external sustainability audit ensures that we comply 100% with legal requirements
- + A new diversity officer has been appointed from 2023

THE OUTLOOK

The ARNOLD works council – supported by the company management – will continue to work towards the continuous improvement and further development of employee rights.

Seminars and meetings to exchange ideas with works councils from other companies in the Kocher Valley are held at regular intervals.

The aim is to promote equal opportunities between all genders and the inclusion of people with disabilities, to be aware of new legislation and social developments, to discuss them and to integrate them into our actions.



SDG 3

Good health
and well-being



SDG 4

Good
education

Principle 2: Employees' wellbeing

↳ "We hold in high regard, protect and promote the wellbeing and interests of our employees."

MEASURES AND ACTIVITIES

- ⊕ We revise and develop our company agreements at regular intervals in order to support our employees in their work-life balance (e.g. sabbaticals and the conversion of pay into vacation days)
- ⊕ We make it easier for our employees to return to work after parental leave by offering flexible and individual working hours and a choice of workplace
- ⊕ We offer an exchange program (ARNOLD GROUP Development Program – international management program), where our employees can get to know other locations
- ⊕ We offer our employees regular vaccination opportunities during working hours, this year especially during the flu season in October 2023
- ⊕ We work in mutual respect and promote the personal development of all our employees through extensive training, qualification and support programs;

Principle 2: Employees' wellbeing

↳ “We hold in high regard, protect and promote the wellbeing and interests of our employees.”

in particular the specific promotion of our trainees and students via the junior staff program & Leadership Lab (for “seasoned” managers) at ARNOLD and via programs of the Würth Group

- ⊕ We create sustainable framework conditions for occupational safety, team-building measures, employee representation and an extensive representative system through ongoing training for the Works Council; the Works Council undergoes ongoing training for this purpose
- ⊕ Consultation hours with company doctors ensure that employees receive health care
- ⊕ We give our employees the opportunity to help shape and express their opinions through regular employee discussions and evaluations; the IDEEplus program provides a forum for innovative ideas
- ⊕ During the pandemic, quick and unbureaucratic measures were initiated to enable employees to work remotely, which are still being implemented and will be set out in the form of company agreements in the future
- ⊕ The “25-euro campaign” was continued in 2023: This involves giving each department the opportunity to socialize with each other outside of the working day as part of a departmental event

- ⊕ Decentralized, smaller department meetings were implemented in order to maintain the exchange of opinions on a smaller scale
- ⊕ All our employees received a Christmas voucher for the local restaurant
- ⊕ Our employees also received free drinks in the summer, free hot drinks and a subsidy for canteen meals

RESULTS AND PERFORMANCE

- ⊕ Employees received the tax-free inflation adjustment bonus of € 1,250 in 2023, meaning that the total amount of € 3,000 per employee was utilized
- ⊕ The officer system was further expanded and continuously developed, e.g. through the appointment of a compliance specialist
- ⊕ The workstations are ergonomically designed
- ⊕ The ARNOLD employee app was introduced to improve the digital flow of information in particular
- ⊕ We intensified our measures to promote the health of our employees: ARNOLD provided employees with access to “Fit with Würth” and created sports and nutrition videos



SDG 3

Good health and well-being



SDG 4

Good education

- ⊕ To protect our employees, ARNOLD implemented an in-house fire department at the Dörzbach and Ernsbach production sites, which is able to act quickly in an emergency; there are now a total of over 50 firefighters on duty
- ⊕ Team-building measures and the works meeting have been resumed
- ⊕ There is an “ARNOLD compact week” for the induction of new employees
- ⊕ Employees have the opportunity to take out a Wellpass
- ⊕ Establishment of the “Freiraum” meeting rooms at the Dörzbach site as a workshop, conference and meeting landscape for the further development of “People & Organization” and “new opportunities for collaboration”
- ⊕ The new Rauchbusch site created flexible and ergonomic workstations
- ⊕ ARNOLD won the familyNET 4.0 Award in 2023 (see right)
- ⊕ A celebration was held to mark ARNOLD's 125th anniversary and all employees received a history book as a gift

ARNOLD UMFORMTECHNIK
receives the familyNET 4.0
AWARD 2023

On November 22, 2023, the Ministry of Economic Affairs and the Bildungswerk of Baden-Württemberg presented the award "familyNET 4.0 – Family-conscious. Innovative. Digital – Securing skilled workers through a modern corporate culture".

We are proud to have won the award in the category 1001-5000 employees.

The jury recognized our outstanding commitment to a forward-looking working environment with flexible working time arrangements, mobile working and digital qualifications. Our "Future of Work" vision shapes a comprehensive transformation process, supported by the "frei.raum" as an experimental workplace. The appointment of a diversity officer emphasizes our commitment to diversity and work-life balance. This award reflects our commitment, and we continue to focus on promoting and supporting our employees in order to optimally balance their performance and life situation.

*Press release ARNOLD UMFORMTECHNIK
from December 04, 2023*

THE OUTLOOK

- ⊕ The digitalization of operational processes and the establishment of a digitalization team are intended to promote growth at the various locations
- ⊕ As part of the company health promotion program, an online program from AOK "Fit in the Spring" will be made available



Principle 3: Interest groups

➤ "In all our processes we take into account and have regard for the relevant stakeholders and their interests."

MEASURES AND ACTIVITIES

- ⊕ We integrate all stakeholder groups into our activities. For example, children of employees receive job application training, pensioners continue to receive the ARNOLD company newspaper; the annual pensioners' party took place again
- ⊕ The ARNOLD archive honors the work of previous generations
- ⊕ We work closely with the authorities responsible for us (insurance companies, district office, environmental office, building authority, etc.)
- ⊕ In order to keep both the public and experts up to date on the company's development and technical progress, we carry out extensive public relations work and cooperate with the regional and specialist press in this context
- ⊕ We show our appreciation for existing and former employees through awards for work performed and vouchers for anniversaries and milestone birthdays; in addition, a tree was planted on the production site for employees who have retired
- ⊕ By adding ozone to the exhaust air system, we reduced unpleasant odors at the Dörzbach plant
- ⊕ A shepherd also managed all of ARNOLD's dams, meadows and properties to ensure optimal maintenance of the green spaces


- ⊕ We organized an e-bike leasing event with test rides for our employees, with a focus on acquiring regional dealers for A-bike leasing to support surrounding companies in the Kochertal, Jagsttal and Taubertal valleys
- ⊕ Regular employee events, e.g. after-work events, took place on the adjacent marketplace at Kocherwerk
- ⊕ A PC program specially developed for employees was introduced; employees also received ongoing training and took part in program training courses such as Microsoft Excel and Learning Management System

RESULTS AND PERFORMANCE

- ⊕ Professional archivists continue to work on processing the ARNOLD history and keeping it present for the future
- ⊕ The bookshelf from the previous year's project in collaboration with the workshop for the disabled in Krautheim remained in place in 2023; further bookshelves can also be found in the break room at the Ernsbach site
- ⊕ By using digital market development tools such as webinars, we expanded our original focus on technological and economic advantages to include an

ecological aspect and also developed our own campaign with the topic of fasteners for CO₂ reduction („[ACO₂-Save](#)“)

- ⊕ We became involved in the association "Förderer des Schrauben- und Befestigungsclusters Hohenlohe e. V." and completed the construction of a fastener museum on our premises as part of a joint project last year; since the opening ceremony of the Kocherwerk, all interested parties now have the opportunity to participate in the history and development of our company (see also "Our WIN! project")
- ⊕ The construction of the electroplating plant in Dörzbach was announced in 2022; the construction plans are also publicly accessible via the environmental office and can therefore be viewed by all employees and local residents
- ⊕ Press conferences were held in person again for the first time, including for the laying of the foundation stone at the new site in Rauhbusch
- ⊕ An additional dam was built at the administration parking lot in Ernsbach to protect against heavy rainfall events
- ⊕ At the Rauhbusch site, a flower meadow was planted on the currently remaining area



SDG 16
Peace, justice and strong institutions



SDG 17
Partnership for the goals

THE OUTLOOK

- ARNOLD is actively involved in regional events, for example we are planning events for ARNOLD employees at the Kocherwerk on the adjacent market square; the Night of the Cellars in Forchtenberg, the business fair in Künzelsau and the Krautheim Spring are in the planning stages
- Digital market development tools such as webinars will continue to play a very important role in the future; in this context, we include the topic of CO₂ optimization through innovative fasteners in each of our webinars; in Europe in particular, the topic of CO₂ reduction is seen as one of the most important future topics in the automotive industry, as was revealed by our own survey during an ARNOLD webinar
- The construction of the electroplating plant in Dörzbach will reduce road and noise pollution due to the elimination of trips to external service providers; tenders will begin in May 2024 and construction is scheduled to start in August 2024



Environmental interests



Principle 4: Resources

↳ “We increase the efficiency of resources, raise productivity of raw materials, and reduce the utilization of natural resources.”

MEASURES AND ACTIVITIES

- ⊕ We handle our resources responsibly – e.g. by avoiding scrap – and have clear recycling guidelines and strict waste separation; we have also addressed the importance of this topic organizationally by appointing an internal waste officer
- ⊕ Various projects have been initiated at the Raubusch and Dörzbach sites, e.g. tool steel scrap from rolling dies is collected separately and returned to the supplier
- ⊕ Waste and rejects are already largely avoided during production or prevented for the future in the course of CIP projects; we have given these measures a binding framework through our ISO 14001 certification; at the Ernsbach site, fundamental investigations are also carried out to optimize processes
- ⊕ Responsibility for conserving resources is anchored in our corporate policy and is consistently communicated to our employees
- ⊕ We have integrated environmental protection and energy management into the quality assurance agreement with our suppliers; we require an envi-

ronmental management system in accordance with ISO 14001 and an energy management system in accordance with ISO 50001; we are developing a questionnaire for smaller companies that are unable to implement these requirements

- ⊕ We are continuously working to reduce the amount of waste in production

RESULTS AND PERFORMANCE

- ⊕ For the disposal of old electrical appliances, we have established a cooperation with the WfB Krautheimer Werkstätten for people with disabilities; electrical components from machines, systems, control cabinets and electrical cables are disposed of here
- ⊕ Small load carriers are used proportionately as reusable packaging instead of cardboard boxes
- ⊕ Environmental factors have been given greater weighting in the supplier evaluation, e.g. the score for harmful environmental influences has been devalued accordingly
- ⊕ With increasing awareness of the issue of CO₂ reduction, we have adapted our vehicle fleet regulations to CO₂-optimized vehicle models; we have also set



ourselves the goal of increasingly expanding the electrification of the plant fleet

- + The company parking lots were equipped with charging stations; the new vehicle regulation for the implementation of more electrically powered vehicles was implemented; these measures contributed significantly to the improvement of ARNOLD's e-mobility infrastructure; a P1 Traffo for at least four additional charging points is currently being planned in Ernsbach
- + Implementation of the vehicle regulation for e-cars
- + Purchased parts were either produced in-house or sourced from reliable partners in order to minimize the global procurement of purchased parts and secure the supply chain at all times
- + The new EU supply chain law has been in force since 2023, which ARNOLD complies with in full

THE OUTLOOK

- + All employees are trained at least once a year at mandatory events on the topics of "resource conservation" and "environmental protection"; the topic of "resource conservation" is also to become a topic at ARNOLD kompakt
- + One focus topic is the reduction of global sourcing of purchased parts through in-house production or a change of supplier to safeguard the supply chain
- + Efforts will continue to be made to analyze possible transport containers for wire transport without crown stands
- + Further measures that we intend to take in future: PVC plastic straps used for wire transportation on crown stands or wire coils are to be recycled
- + By optimizing the heat treatment process, the aim

is to significantly reduce the energy required for tempering

- + The proportion of recycled material is to be increased, e.g. recycled steel from steel scrap is to be used, thus reducing the consumption of resources
- + In future, the direct purchase of green electricity will be specified in long-term electricity contracts (PPAs); in addition, part of the electricity consumption will be covered by in-house electricity generation
- + Individual energy concepts will be drawn up for all locations with the aim of increasing in-house electricity generation

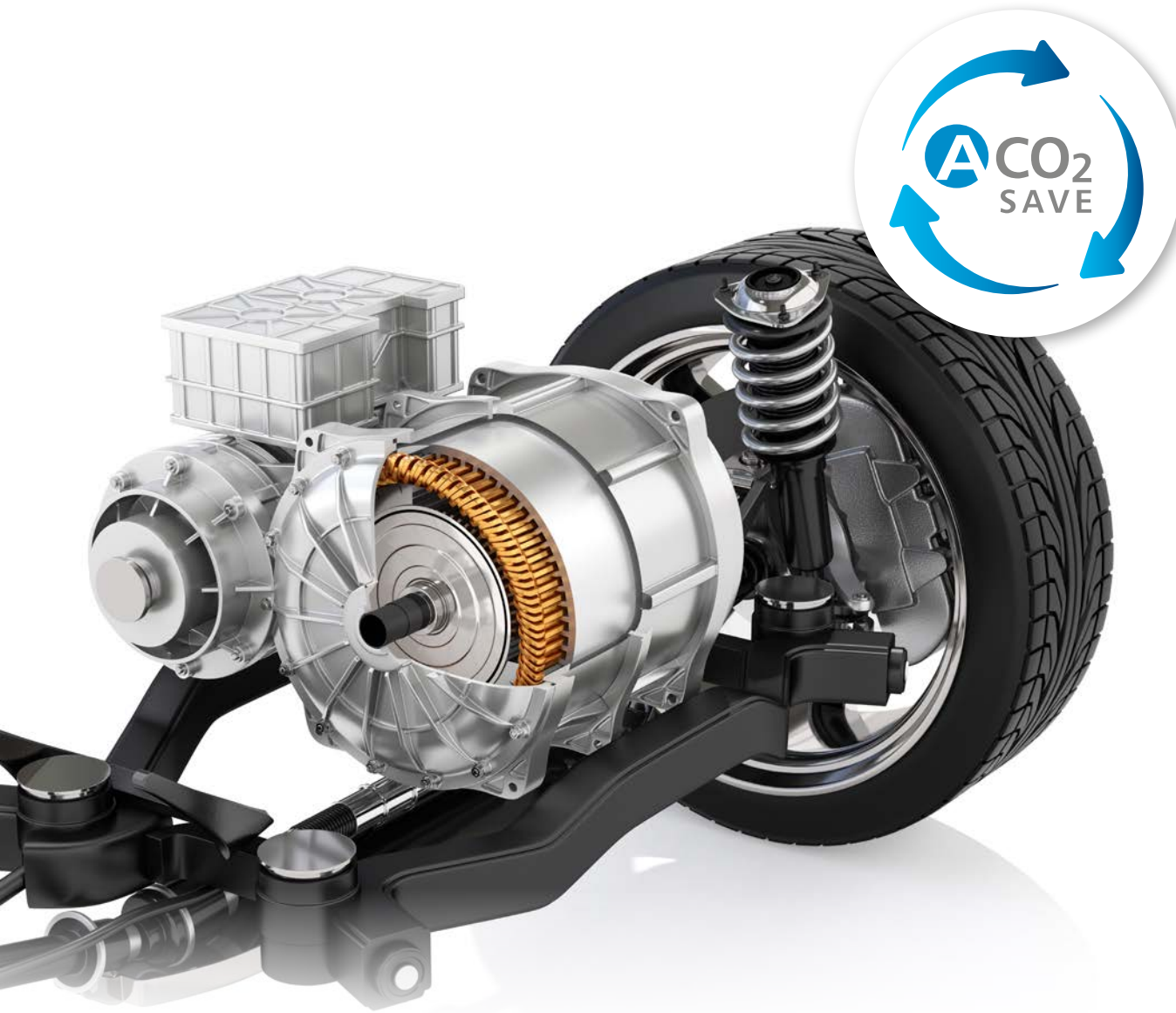


Figure: Electric motor for gear unit

Principle 6: Responsibility for our product

➤ “We take responsibility for our services and products by examining the value-added process and the product cycle for sustainability and create transparency in this regard.”

MEASURES AND ACTIVITIES

- We investigate which optimizations are possible and already exist through the use of different production processes (e.g. by comparing forming technology with turning technology)
- Our corporate mission statement already defines that we develop intelligent and sustainable fastening systems for our customers; by integrating this claim into our company claim “Blue Fastening Systems”, we have officially placed this at the center of our corporate identity
- In online seminars, we inform our customers about how sustainable fastening systems support the efficiency of applications

RESULTS AND PERFORMANCE

- Online events ensured a continuous exchange with experts (e.g. as part of the German Screw Association)
- The CO₂ emissions of our production processes were analyzed in detail; the CO₂ balancing enables the development of optimization concepts (see also additional chapter “Climate protection”)



- + By consistently applying ARNOLD's sustainability standards to our suppliers, we are taking an important step towards seamless sustainability throughout the entire supply chain
- + Our IDEEplus system gives all employees the opportunity to contribute to the development of new products or provide suggestions for optimizing existing products
- + With the help of the specially developed CO₂ calculator "ACO₂ Calc", we make the emissions of our products transparent as early as the quotation phase and can suggest optimizations; the CO₂ calculator "ACO₂ Calc" was launched on the market in the middle of the year; every customer receives an up-to-date product carbon footprint calculation in parallel with the quotation for moulded parts
- + Completion of the TriPress® Plus joining process (instead of a thread, only a press-fit is used here) resulted in far-reaching resource savings
- + We launched a campaign to inform customers about the possibilities of CO₂ optimization in fastening technology; five webinars were held
- + Market launch of Powertite® as a resource-saving fastener to conserve resources and reduce CO₂ emis-

sions through downsizing

- + GRI reporting for analyzing the production process in terms of CO₂ emissions
- + Conversion of cardboard packaging to larger dimensions to reduce packaging units
- + Conversion from delivery in cardboard boxes to delivery in KLT if possible
- + Implementation of the "direct packaging" project to eliminate film packaging

THE OUTLOOK

- + We are constantly developing our „ACO₂-Save" campaign to provide existing and potential customers with intensive information about the possibilities of CO₂ optimization in the field of connection technology
- + New products will enable customers to save time, money and CO₂
- + The CO₂ calculator "ACO₂-Calc" makes it easier for our customers to estimate the CO₂ footprint of different products; we want to monitor, validate and, if necessary, optimize this process

- + Next year will see the market launch of RemoteTec; this remote maintenance system for connection systems allows machines to be monitored and serviced over long distances without the need for an on-site presence, thereby conserving additional resources
- + We are also pushing ahead with the market launch of Swoptec, an innovative system that enables the welding of aluminum and thus lightweight construction.

Economic added value



SDG 8
Decent work and economic growth



SDG 9
Industry, innovation and infrastructure

Principle 8: Sustainable innovations

↳ “We promote innovative processes in products and services that increase sustainability, and that emphasize the potential for innovation in the Baden-Württemberg economic region.”

MEASURES AND ACTIVITIES

- ⊕ Once again this year, a specially developed utility value analysis made it possible to assess innovation proposals in the area of research and development according to objective criteria
- ⊕ As part of the “Development” management team, we regularly assess the challenges of the market and derive development projects from them
- ⊕ We have consistently responded to the requirements of the coronavirus pandemic – including by switching to digital formats to address customers (e.g. specialist webinars on the topics of e-mobility, lightweight engineering, digitalization and additive manufacturing)
- ⊕ As part of Orga 2.0, we have established a new organizational structure that includes the patent and licensing system; the “Management Team Legal!” was founded for this purpose in 2023 and operates internationally
- ⊕ A licensing system was installed and has been an

official part of our sales strategy since 2022 in order to place innovative products on a broader front in the market and refinance development costs; we were able to generate significant sales with this business activity

- ⊕ With the market implementation and further development of the Flowform® generation, we were able to realize resource savings (weight, space requirements and energy consumption) while at the same time increasing benefits for the customer
- ⊕ We also developed the REMFORM® II HS™ for direct plastic screwing; this is particularly relevant for high-strength and biological plastics
- ⊕ We restructured the patent system with a focus on sustainable innovation protection; to this end, patent search software was introduced in 2023 to serve as the basis for the further development of the patent system and sustainable innovation protection; the software enables a significant reduction in the time required (8-10 times less time required) as well as structured and timely searches

RESULTS AND PERFORMANCE

- ⊕ We work on innovations in all areas of the company across all areas of expertise
- ⊕ We help our customers to avoid over-engineering –

by expanding forecasting tools for the development phase, acquiring additional simulation software and building up associated expertise

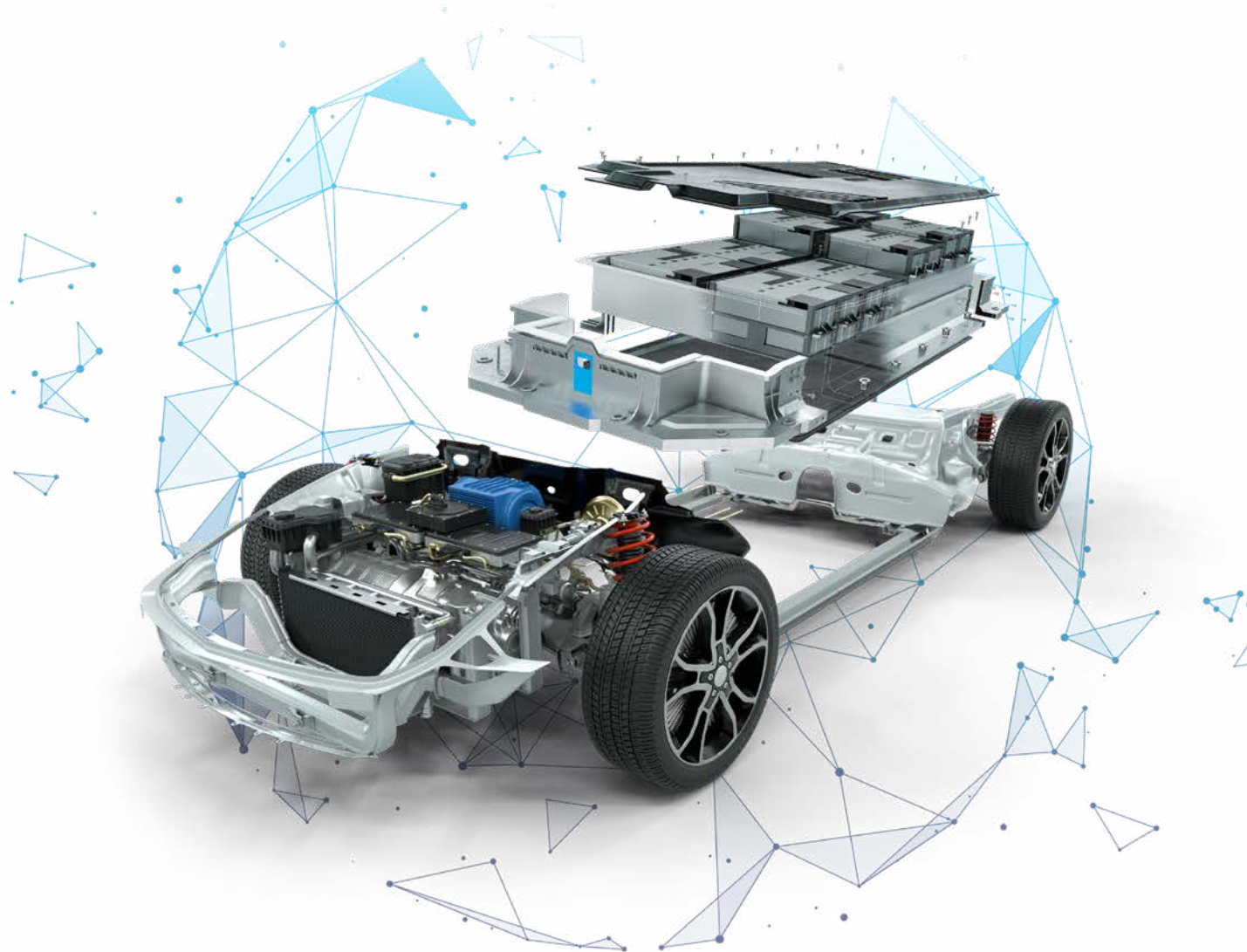
- ⊕ The successful market launch of Powertite® took place in 2023; in addition, a master license was granted to accelerate market penetration
- ⊕ Software-supported PLC programming was introduced in the Fastening Systems division for professional remote maintenance, resulting in a significant reduction in costs
- ⊕ ARNOLD received the “Supplier of the Year 2023” award from STIHL

THE OUTLOOK

- ⊕ In future, our project checklist will include an analysis of the entire product life cycle – from development and use through to end of life; optimized service life and recyclability will play a central role in this.
- ⊕ Establishment and launch of the “Functional Team R&D!” for the international coordination of development topics, market trends and technology trends
- ⊕ Continuation of work on hydrogen, both for self-consumption and as a potential for new sales channels; an event on this will take place at Kocherwerk in the first half of 2024, organized by the HZwo Cluster from

Cemviz

- ⊕ We are striving to make great progress in the area of digitalization and want to optimize and automate both internal and external processes for our customers; we see great potential here to save resources and working time
- ⊕ We are also introducing a technology management team to investigate and analyze technology trends, such as the circular economy or modern recycling options, in advance so that we can draw on in-depth knowledge of these topics in the future
- ⊕ Proof of the CO₂ footprint of products will be a future competitive factor for suppliers; the ACO₂-Calc determines an exact and transparent CO₂ figure for ARNOLD fasteners with little effort during the article creation process
- ⊕ In addition, the extent to which ARNOLD is able to reduce this CO₂ value per fastener will be examined







Sustainable and fair finances, anti-corruption

Principle 9: Financial decisions

↳ “We act always in the spirit of sustainability, in particular within the context of decisions relating to financial resources.”

MEASURES AND ACTIVITIES

- ⊕ Scenario technology has proven to be an important element in times of the pandemic; it has been further developed accordingly; the aim is to be able to react to new situations in the best possible way, e.g. market changes, supply chain disruptions, problems with material and personnel availability
- ⊕ ARNOLD's financial planning is calculated and comprehensibly designed for ten years as part of medium-term sales and personnel planning
- ⊕ Clear rules regarding investment processes and employees' financial authorizations have been anchored in the central management system

RESULTS AND PERFORMANCE

- ⊕ New templates were developed and implemented in order to be able to act in a structured manner despite volatility; key figures and targets can be adapted

to new conditions at short notice

- ⊕ Purely capacity-increasing investments are scrutinized, strategically important and sustainable investments are pursued further
- ⊕ Despite extremely difficult conditions on the global market and in the automotive industry, we were able to generate a positive net profit for the year

THE OUTLOOK

- ⊕ Newly established templates will continue to keep us flexible – not least for new growth phases and peaks in demand; overall, ARNOLD's scalability will be significantly increased; medium and long-term corporate planning will also be effectively supported
- ⊕ Due to the growing challenges posed by internationalization, permanent market observation and the regular review of medium-term sales and personnel planning will become increasingly important; we are consistently preparing for this

Leitsatz 10: Anti-Korruption

„Wir verhindern Korruption, decken sie auf und sanktionieren sie.“

MEASURES AND ACTIVITIES

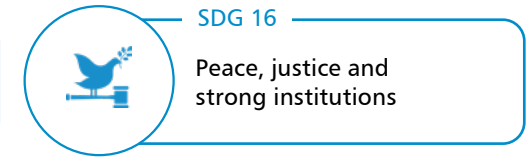
- ⊕ In 2020, we introduced compliance training in a digital learning management system in order to communicate new content and updates on legal changes or social standards conveniently and efficiently; we continued and further expanded this training; the focus this year was on IT compliance, the allocation and protection of information and clean desk rules

As part of data protection, we have taken the necessary measures to ensure that no information about business partners and business content is passed on to unauthorized third parties

The financial powers of all employees have been specifically defined; we have also taken precautions to prevent corruption by introducing the multiple-eye principle for important decisions

We ensure strict adherence to legal and Group-wide compliance requirements as well as the individual guidelines of our business partners; we also process information on compliance violations in a structured and detailed manner in order to prevent potential violations in advance

We address managers and employees who are due for training in a targeted and personal manner to emphasize the relevance of this topic



- ⊕ Since the implementation of the [new law](#) on the protection of whistleblowers, ARNOLD has been legally obliged to protect whistleblowers and offer the opportunity to make anonymous reports; ARNOLD's Group-wide and anonymous whistleblower hotline, which has been in place for years, met these requirements long before the legal obligation came into force

RESULTS AND PERFORMANCE

- ⊕ Mit With effect from April 1, 2023, our IT Compliance Specialist was appointed as a separate Information Security Officer for ARNOLD; his area of responsibility includes tasks such as planning, setting up, maintaining and documenting the ISMS rules and regulations; he is the central point of contact for all information security issues
- ⊕ Every ARNOLD manager is able to easily and transparently check the training rate of their employees and effectively motivate employees to take part in training; employees are made more aware of the topic of "anti-corruption"
- ⊕ We prepare our employees for hacker attacks in emergency drills; based on the evaluation of the drills, we make decisions regarding the systems that are necessary to ensure our ability to act

- ⊕ We made it possible to report suspicious emails quickly and easily via a report button
- ⊕ We implemented the mandatory compliance training "IT and legal compliance" for all employees and also introduced it as an integral part of the induction plan for new employees
- ⊕ We were very successful in preventing cases of corruption: out of around 15 inquiries, there were only two suspected cases that ultimately did not have to be sanctioned after closer examination
- ⊕ The Würth Group has also implemented comprehensive risk management in the areas of anti-corruption and compliance and also maintains a "risk universe" in which all potential risks are collected
- ⊕ By implementing a compliance management system, we ensure that the areas and managers defined by laws and regulations are automatically informed of amendments and renewals; this includes, for example, automatic notification of changes, renewals or additions
- ⊕ Group-wide security guidelines have been introduced for greater IT security, which must be observed when assigning a password



- ⊕ All employees have access to the LMS; learning islands have been set up at all locations for this purpose, where all employees must complete mandatory training in order to obtain the test certificate

THE OUTLOOK

- ⊕ The learning infrastructure is being further expanded; additional content is in progress and will be rolled out – particularly in the area of IT and data security; the aim is to achieve a training rate of 100% for all relevant employees
- ⊕ Mandatory annual employee training by managers on the topic of data protection and security; here we use the flow of information from the bottom up to disseminate information
- ⊕ The Code of Compliance is continuously revised and updated to make it easier for our stakeholders to understand
- ⊕ We introduce compliance training at regular intervals for middle to top management in order to present new Group information, current compliance incidents and corresponding procedures; management should then be motivated to pass on the information they have learned to their employees
- ⊕ We are conducting an analysis of the requirements of the “Supply Chain Due Diligence Act” and want to derive and implement appropriate measures in the next step; these are compliance rules within the company and in the supply chain, particularly with

regard to human rights; although the “Supply Chain Due Diligence Act” will not come into force until 2024, we want to act early and proactively with the aim of anticipating legal developments on our own responsibility

- ⊕ A Group-wide network is to be set up to promote exchange and joint support on the topic of IT security

Regional value

SDG 12
Responsible consumption and production

SDG 13
Climate Policy

SDG 17
Partnership for the goals

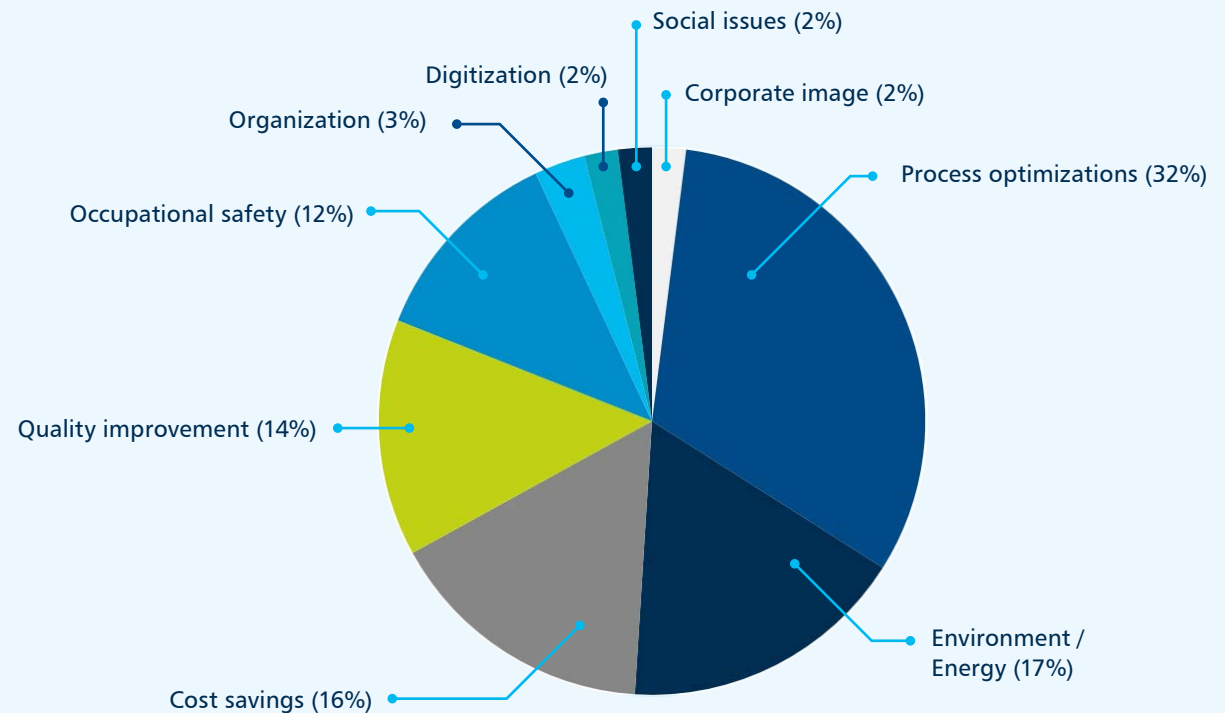
Principle 12: Incentives to change mindsets

“At corporate level we implement incentives to influence opinion and actions, including our employees and all other stakeholder groups into a consistent process of increasing corporate sustainability.”

MEASURES AND ACTIVITIES

- + IDEEplus – our internal suggestion scheme – activates the innovative power of ARNOLD employees with regard to better use of resources and provides effective incentives for rethinking; the suggestions are processed by a full-time employee
- + Regular productivity workshops have led to a steady increase in performance in all areas
- + With the help of a comprehensive commissioning system (safety, health, anti-corruption and more), we are working to review and optimize the situation in a wide range of areas; appropriate people have been trained and subsequently commissioned for all areas
- + Through the A-Bike campaign, we enable every employee to lease a bicycle to get to work emission-free

Proposal topics 2023



Publish 03/27/2024

- ⊕ As part of our “Customer and Supplier Day”, an integrated “Walk of Innovation” gave participants incentives to rethink sustainable behavior and resource use; a total of 150 people took part and there were ten “incentives to rethink” stations
- ⊕ Implementation of analog and digital training events on CO₂ reduction; a total of around 560 people took part

RESULTS AND PERFORMANCE

- ⊕ A regular exchange of ideas takes place in the sustainability management team
- ⊕ A total of 192 ideas were submitted as part of the IDEEplus campaign; we implemented 78% of them
- ⊕ We involved all of those responsible in the planning of the new site in Rauhbusch in order to incorporate all of the requirements of the various areas (e.g. occupational safety, environmental protection, etc.) and take them into account accordingly
- ⊕ The IDEEplus campaign in 2023 included campaigns on e-mobility in the vehicle fleet and charging infrastructure at all locations (for more information, see guiding principle 5)

THE OUTLOOK

- ⊕ As part of the “Wir für Hohenlohe” initiative, the ARNOLD sustainability concept will be clearly emphasized



A-Bike” company bike leasing campaign

- ⊕ We want to firmly integrate the principle of CO₂ neutrality into ARNOLD's sustainability strategy
- ⊕ We are planning a specific campaign to communicate the topic of sustainability across the board; in this way, we want to ensure that the entire ARNOLD Group acts together
- ⊕ Group-wide exchange with other companies should have an inspiring effect and strengthen the joint promotion of sustainability issues
- ⊕ Specific teams for various environmental topics will make our ecological commitment even more effective and also proactively work on it
- ⊕ We will continue our commitment to the “Klasse 2000” project in the coming year

7. Our WIN! project

Training for sustainable development and mobility

With our WIN! project we are making a contribution to sustainability for our region.

THESE ARE THE PROJECTS WE ARE SUPPORTING

ARNOLD UMFORMTECHNIK has taken on the sponsorship of mobility trails that run through the Ernsbach district – specifically the water, cycle and hiking trails. In addition to the ongoing maintenance of the fishing water, we would like to inform visitors about sustainability projects (e.g. use of water and solar energy) by creating a sustainability trail with several stations installed along the paths in order to raise awareness of the idea of sustainability. This project is being carried out in coordination with the municipality of Forchtenberg.

Since 2018, we have also been involved in a joint project initiated by the association “Förderer des Schrauben- und Befestigungsclusters Hohenlohe e. V.” (Sponsors of the Hohenlohe screw and fastening cluster) to set up a museum to showcase the development of our industry in Hohenlohe.

The “Kocherwerk – Haus der Verbindungstechnik” museum in the old mill building with shed hall in Forchtenberg-Ernsbach (where ARNOLD produced the first industrially manufactured screws in Hohenlohe over 125 years ago) will bring industrial history to life over an area of 400 square meters.

TYPE AND SCOPE OF SUPPORT

The members of the company sports group “Fishing” take care of the preservation of the fishing waters. Furthermore, ARNOLD ensures the harmonious coexistence of industry and the environment through the environmentally friendly expansion of the company premises. In addition, we facilitate the construction and maintenance of the stations on the planned sustainability trail. We will continue to support the museum project after completion with advice, personnel and funding.

The amount of support provided by the company management for our project in 2023 amounted to

⊕ Kocherwerk costs totaled € 125,452

RESULTS AND PERFORMANCE

According to visitor statistics, we welcomed 29,346 visitors to the Kocherwerk – now the “Haus der Verbindungstechnik” museum – in 2023.

The “Haus der Verbindungstechnik” plays a central role in ARNOLD's external image. In the role of a monument, it shows the development of the fastener and fastener cluster industry from its beginnings to the present day.

We use the “House of Fastening Technology” as a venue for events for our customers, schools, our employees and much more.

Other successes include saving CO₂ through our in-house hydroelectric power plant. In 2023, we were able to save a whole 334.86 tons of CO₂e.

We also generated electricity through the hydropower plant: in 2023, the output amounted to 894,288 kWh.

THE OUTLOOK

We will continue to support the maintenance of the Kocher and clean up the banks.

In future, the Kocherwerk will be operated by the association “Förderer des Schrauben und Verbindungscluster Hohenlohe e.V.”.





**Museum „Kocherwerk
– Haus der Verbindungstechnik“**
the roots of the fastener industry in
Hohenlohe

8. Figures, data & facts

Sustainability performance 2023

Basic report

Quantifying sustainability

Here you will find an overview of the most important key figures and data that document our progress in the area of sustainability.

Each of these figures represents our company's successes and efforts to act in an environmentally responsible and socially just manner.

All data is based on one day in order to illustrate the impact of our measures on a day-to-day basis.

The key figures also provide a transparent and quantifiable insight into our sustainability strategy and enable us to accurately communicate our progress and challenges on the road to a more sustainable future.

All figures are average values (ø), which were calculated from the total annual volumes from the 2023 database of 365 days down to 1 day/year.

On the following pages, you will also find a tabular presentation of our database on the topics of corporate governance, raw materials and resources, social and environmental standards and a list of our process and quality management systems in 2023.

Here, too, we try to make facts tangible by comparing the years 2022 and 2023 and deriving our development in various areas from the direct comparison.

9,7 t

CO₂e emissions
were emitted during the day (Scope 1+2)

3,0 kg

CO₂e emissions
were emitted per employee per day (Scope 1+2)

15,1 g

CO₂e emissions
were emitted per € (Scope 1+2)

3,7 MWh

were generated and used
by photovoltaic systems per day

0,3

Employees
were hired during the day

210 kWh

Electricity
flowed into electric vehicles during the day

850 l

Gasoline and diesel
were refueled daily

1,6 t

Packaging materials
were used on the day

12,1 t

Waste (resources)
generated on the day

5,6 m³

Water
were consumed per day

33.515 kWh

Thermal energy
were needed per day

89,6 MWh

Electricity
was consumed during the day

€ 644.144

Turnover
was generated on the day



Data basis Corporate Governance

Employees and diversity

Diversity of the workforce & employees by gender

	2023	2022
Total employees	1.180	1.122
Thereof male	962	941
Thereof female	218	181
Thereof diverse	0	0

Diversity of new hires

	2023	2022
Total new hires	95	92
Thereof male	61	67
Thereof female	34	25
Thereof diverse	0	0

Diversity in management bodies & proportion of managers

	2023	2022
Total managers	148	151
Thereof male	140	143
Thereof female	8	8
Thereof diverse	0	0

Large number of part-time employees

	2023	2022
Total part-time employees	114	43
Thereof male	28	4
Thereof female	86	39
Thereof diverse	0	0

Data basis

Raw materials and resources

Packaging, waste and natural resources

Packaging materials*

	2023 (t)	2022 (t)
Glass	0	0
Paper, cardboard, carton	185,560	326,100
Ferrous metals	0	0
Aluminium	0	0
Plastics	86,17	60,400
Other composites	0	0
Textile fabrics	0	0
Wood	294,3	208,569
Total weight	566,03	550,69

Water

	2023 (l)	2022 (l)
Water withdrawal	20.007.000	25.109.000
Water recirculation	17.947.000	23.100.280
Water consumption	2.060.000	2.008.720



Data basis

Social & environmental standards

Social standards

Occupational health & safety

	2023	2022
Health rate %	99,90	99,93
Reportable accidents (number)	27	28
Days lost due to accidents	290	186

Work-life balance: employees on parental leave

	2023	2022
Total employees on parental leave	40	76
Thereof male	26	46
Thereof female	14	30
Thereof diverse	0	0

Process and quality management systems 2023

- standardized quality management system certified according to ISO 9001
- standardized environmental management system certified according to ISO 14001
- standardized occupational health and safety health and safety system certified according to ISO 45001
- standardized energy management system certified according to ISO 50001

9. Non-financial statement

In addition to the above, we disclose the following non-financial information in accordance with EU Directive 2014/95/EU.

Business model

➤ Our business model is set out in Chapter 1 of this report.

CONCEPTS AND RESULTS

➤ Our sustainability concept and the activities we pursue, as well as the results and developments arising from them, are set out in detail in section 5 (“Major principles”) and in section 6 of this report.

CHECKING PROCEDURES (DUE DILIGENCE)

➤ We have established the following processes to check sustainability aspects in relation to our business activities and to monitor the implementation of our activities in this respect.

Existing due diligence procedures

Principles	Checking procedures
Human rights	As part of our corporate policy, we have integrated the topic of “respecting and protecting human rights” into both our compliance and Corporate Social Responsibility guidelines (CSR). These principles are communicated to all employees as part of mandatory annual training sessions. Any problems in this area are documented by the respective line manager at the annual staff appraisal. In the regular anonymous employee surveys, employees have the opportunity to point out any problem cases. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.
Social and employee interests	As part of our corporate policy, we have integrated the topic of “social and employee matters” into both our compliance and CSR guidelines. These principles are communicated to all employees as part of mandatory annual training sessions. Any problems in this area are documented by the respective line manager at the annual staff appraisal. In the regular anonymous employee surveys, employees have the opportunity to point out any problem cases. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.

Environmental interests	<p>As part of our corporate policy, we have integrated the topic of “environmental concerns” into both our compliance and CSR guidelines. These principles are communicated to all employees as part of mandatory annual training sessions. Any problems in this area are documented by the respective line manager at the annual staff appraisal. In the regular, anonymous employee surveys, employees have the opportunity to point out any problem cases. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.</p>
Sustainable and fair financing, anti-corruption measures	<p>We reviewed all measures and guidelines as part of the annual safety audit. Any potential for optimization was implemented. In addition, we have integrated the topics of “sustainable and fair finance” and “anti-corruption” into both our compliance and CSR guidelines as part of our corporate policy. These principles are communicated to all employees as part of mandatory annual training sessions. In addition, all employees must undergo separate mandatory training with proof of certification and sign a pledge to comply with the principles. Any problems in this area are documented by the respective line manager at the annual staff appraisal. In the regular, anonymous employee surveys, employees have the opportunity to point out any problem cases. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.</p>

RISKS AND HOW THEY ARE DEALT WITH

Our manner of dealing with risks with foresight and with responsibility is a significant foundation stone of our sustainable commitment. We are aware of the potential risks in our business, and we possess strategies to overcome them.

Reflection on possible risks and how they are dealt with

Principles	Checking procedures
<p>Human rights</p>	<p>For general measures, see Guiding Principle 1. Exemplary risk: Although respect for human rights is integrated into the corporate policy, discrimination occurs. Handling: All employees are informed about the topic of “human rights” as part of the annual standard training. Any problems in this area are documented by the respective line manager at the annual staff appraisal. In the regular anonymous employee surveys, employees have the opportunity to point out any problematic cases. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.</p>
<p>Social & employee issues</p>	<p>For general measures, see Guiding Principle 2. Exemplary risk: Although the protection of the well-being of employees is integrated into the company policy, problems occur in this area. Handling: As part of the annual standard training, all employees are informed about the topic of “social and employee matters”. Any problems in this area are documented by the respective line manager at the annual staff appraisal. In the regular anonymous employee surveys, employees have the opportunity to point out any problems. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.</p>
<p>Environmental concerns</p>	<p>For general measures, see Guiding Principles 4, 5 and 6. Exemplary risk: Although environmental protection is integrated into company policy, problems occur in this area. Handling: By installing an SHE manager, we have brought together all measures in this area. Any problems in this area are documented by the respective line manager at the annual staff appraisal. In the regular anonymous employee surveys, employees have the opportunity to point out any problems. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.</p>

<p>Sustainable and fair finances, anti-corruption</p>	<p>For general measures, see Guidelines 9 and 10. Exemplary risk: Although the principles of “Sustainable and fair finance” and “Anti-corruption” are integrated into the corporate policy, cases of corruption do occur. Handling: We have bundled and reorganized our anti-corruption activities by installing a compliance officer. We reviewed all measures and guidelines as part of the annual security audit. Existing optimization potential was implemented. Any problems in this area are documented by the respective line managers at the annual staff appraisal. In the regular, anonymous employee surveys, employees have the opportunity to point out any problems. We also have the Works Council as an additional supervisory body, which acts as a point of contact for employees. As part of check-out meetings, we give employees who leave the company the opportunity to point out problems.</p>
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10. Climate protection

In addition to the above, we also place a special focus on corporate climate protection. Our aim is to reduce greenhouse gas (GHG) emissions and energy consumption within the company.

A summary of the data

↳ Data acquisition and the targets for reducing GHG emissions

Acquired data sources	Starting balance 2018	2021	2022	2023
	GHG emissions in tonnes of CO ₂	GHG emissions in tonnes of CO ₂	GHG emissions in tonnes of CO ₂	GHG emissions in tonnes of CO ₂
Direct GHG emissions – scope 1	2.674	4.121	3.784	3.517
Indirect GHG emissions – scope 2	8.354	0	0	26*
Other indirect emissions – scope 3	97.114	84.222	76.595	in Erstellung

**Our purchased electricity is from verifiably renewable sources. Scope 2 emissions are caused exclusively by charging electric cars in our vehicle fleet outside the company at public or private charging stations. This means that we cannot guarantee a 100% secure supply from renewable sources.*

OUR STARTING SITUATION

Reducing environmental impact at all levels: as our “Energy and emissions” reporting focus shows, this is a fundamental concern of ARNOLD's corporate strategy. In particular, the topics of “climate protection” and “climate neutrality” are becoming increasingly important for us and our customers.

In order to underpin our actions for climate protection with reliable data, we have started to prepare regular CO2 balances. The first of these was created in 2020 (for 2018) in collaboration with KlimAktiv Consulting GmbH. From 2022, we will prepare these balances

annually.

Data for all three relevant scopes (upstream activities, internal company activities and downstream activities) will be determined on the basis of the Green House Gas Protocol. This means that the entire value chain is examined and analyzed with regard to energy demand and consumption as well as possible optimization potential. The data for Scope 3 (upstream activities) is collected as primary data wherever possible. Where this is not possible, secondary data available on the market and verified by Klimaktiv Consulting GmbH is used.

Our first goal was achieved with the detailed carbon footprint for 2018: to create a database for systematic climate protection steps. The report serves as a basis for presenting future developments using a defined database and then comparing them with the new figures collected each year and setting explicit targets for reducing greenhouse gas emissions in the future.

In the next step, we want to set explicit GHG reduction targets starting in 2024 in order to optimize and reduce the use of resources and energy in the long term (see Guiding Principle 5).

Reduction targets should be defined in CO₂e tons and set in relation to the initial GHG balance and the respective previous year's balance (see table above). Furthermore, we divide our areas of coverage into Scope 1 (direct GHG emissions), Scope 2 (indirect GHG emissions) and Scope 3 (upstream activities). We define a time horizon for target achievement and, where applicable, interim targets and a target achievement level.

Rauhbusch site

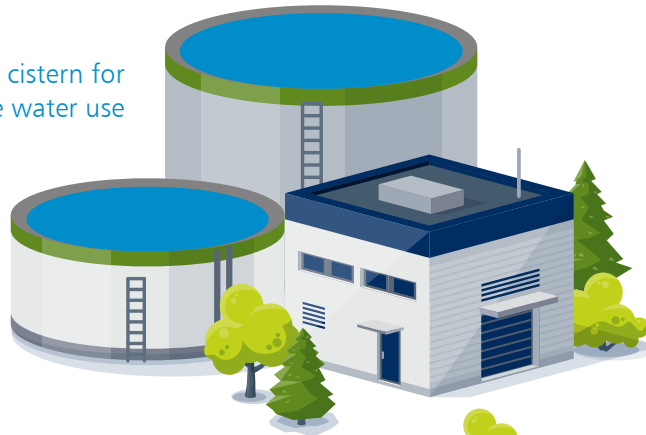
The inauguration ceremony for the new site took place on December 12, 2023. Sustainability was a particular focus during construction.





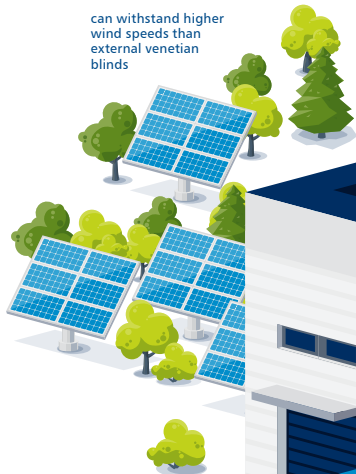
Sustainability measures
at the Rauhbusch site

Rainwater cistern for
service water use

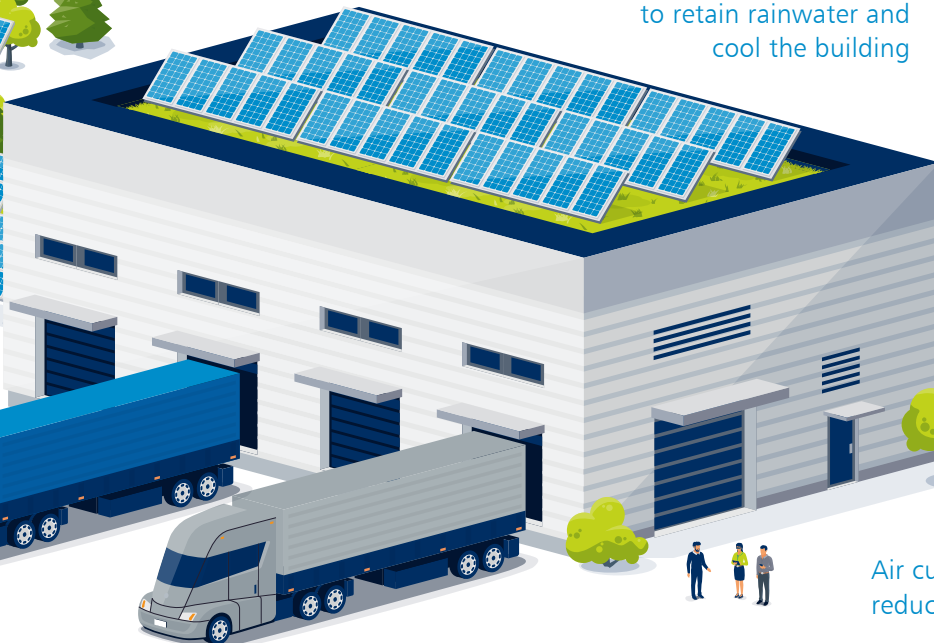


ZIP screens on the
window surfaces

can withstand higher
wind speeds than
external venetian
blinds



Roof greening
to retain rainwater and
cool the building



Air curtains on truck doors to
reduce ventilation losses

115 kWp
Sustainable electricity
generation

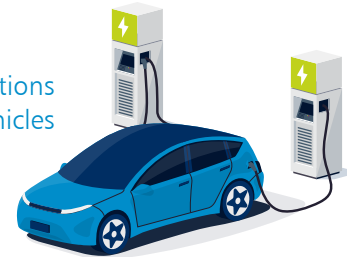
PV system for
generating
and renewable
energies



Use of renewable raw
materials for office
building in timber
construction



Charging stations
for electric vehicles



Savings potential
compared to
fluorescent tubes
70%
Energy-saving
LED lighting

Heat exchanger
for cooling the
ambient air



Regenerative heat
generation by
heat pump

72%
Energy-efficient
building envelope to
BEG 40 standard

Reduction of primary
energy demand by 72%
compared to minimum
requirements

On-demand lighting
with motion detectors

ERGRIFFENE MASSNAHMEN, ERGEBNISSE UND ENTWICKLUNGEN

The aim was to identify the status quo in terms of target achievement and the degree of target achievement of the measures taken. How were measures implemented and to what extent were they successful? In this step, barriers were identified and overcome (see the results and developments from our guiding principle 5).

We created a quantitative representation of the holistic GHG reduction, differentiated according to the individual scopes or according to the individual reduction results per measure. In this way, we collected the data and created the basis for taking an important step towards the planned creation of reduction targets.

The results of the individual CO₂e balances can be found in the table on page 34.

From 2021, we will offer all goods manufactured at our locations in Germany from CO₂-compensated production. We follow the principle of "avoidance and reduction before compensation". Unavoidable direct emissions (Scope 1) will be offset by a Gold Standard certificate. The indirectly sourced energy (Scope 2) that ARNOLD requires for company operations is identified as energy from renewable sources through Guarantees of Origin.

THE OUTLOOK

Climate protection will remain a key issue in our commitment to sustainability in the long term. This is clearly reflected in ARNOLD's corporate activities – through an expansion of the measures outlined under Guiding Principle 5 and through new, specifically climate protection-oriented strategies.

We want to stick to our climate protection goals and work on their implementation with continuity. Concrete measures and targets are to be formulated. To this end, we will also draw up a carbon footprint for 2023 in 2024. We also want to focus more strongly on targets that have not yet been achieved and look for new measures that will enable us to achieve our targets on schedule and in the long term.



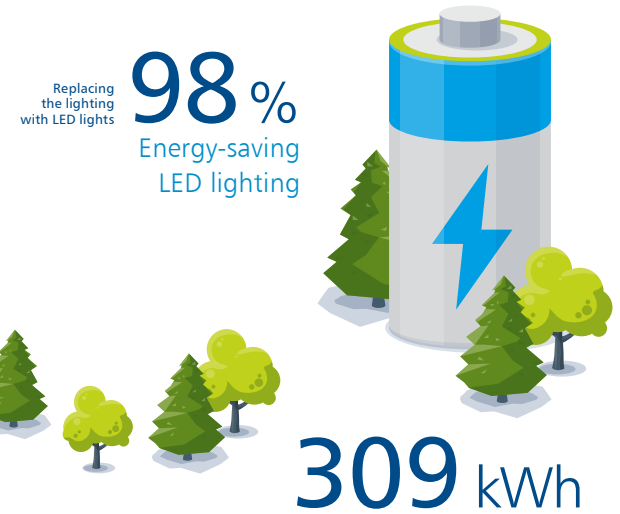
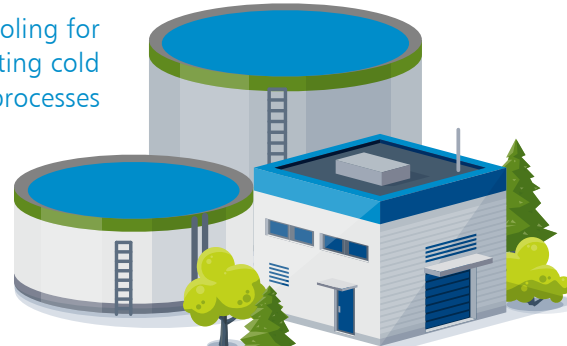
Dörzbach site

There are also a number of measures at the Dörzbach site that contribute to a sustainable future.

Sustainability measures
at the Dörzbach site



Free cooling for
generating cold
water in processes



Battery storage with a capacity of 309 kWh
and an output of 300 kW for peak load
capping and self-consumption optimization

2.383 kWp Sustainable electricity
generation

PV system for
the generation
and use of
renewable energies

Meadow orchards

Heat recovery in the
hardening shop

On-demand
lighting with
motion detectors

Truck delivery in
separate cold stores

Ernsbach site

Sustainability and climate protection were already important issues when ARNOLD was founded in 1898. The first factory was housed in a mill and used hydropower to drive the machines.



Sustainability measures
at the Ernsbach site

Well water cooling from
the boiler for the curing oven

Hydropower with fish pass **320 kW**

25 kWp

Sustainable electricity generation
PV system for generating
and renewable energies

Heat exchangers for the
reduction and use of fossil
fuels in the heat treatment
shop and in compressed
air generation

70%

Replacing the
lighting with
LED lights
Energy-saving
LED lighting

Meadow orchards

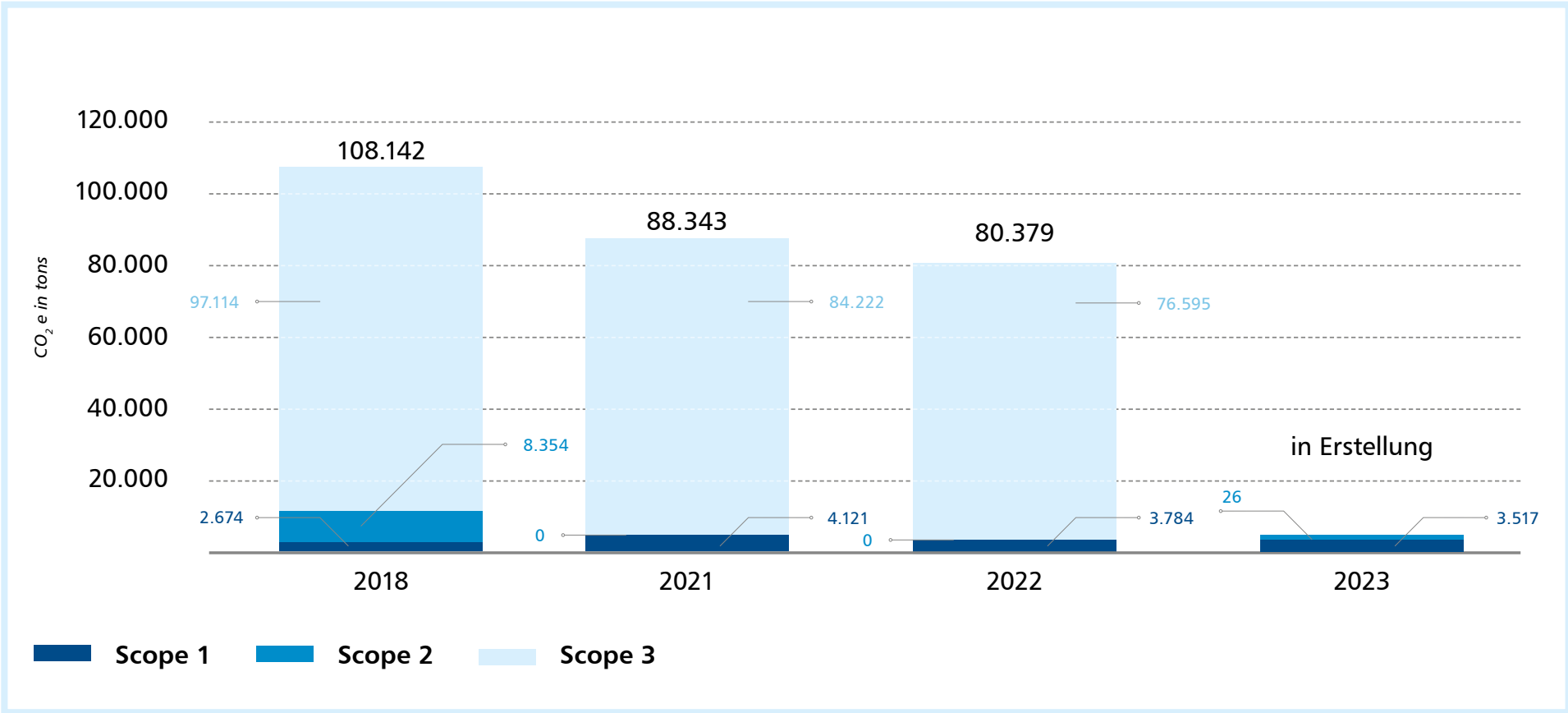
Truck delivery
in separate cold
stores

On-demand
lighting with
motion detectors

Air curtains on truck doors to
reduce ventilation losses

Charging stations for
electric vehicles

ACHIEVING OUR OBJECTIVES



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ARNOLD – this name is internationally renowned for efficient and sustainable fastening systems at the highest level.

With a foundation of many years of expertise in the production of intelligent fastening systems and very complex extruded parts, the ARNOLD GROUP has developed over a number of years into a comprehensive supplier and development partner for complex fastening systems. With our positioning of "BlueFastening Systems", this

development process will continue under a united and harmonised structure. Engineering, services, fasteners and functional parts, together with feeding and processing systems, all from a single source – efficient, sustainable and international.

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