PUBLIC

SUSTAINABILITY REPORT – PREH GROUP 2021

(GRI – Referenced Report)

2022, August | Management Board Preh Group

PASSION FOR EXCELLENCE

Dear Ladies and Gentlemen,

Our reputation and success, along with the trust placed in us by customer, investors, employees and the public, all depend on the specific behavior of each individual working for Preh GmbH or any of its companies (Preh Group).

This is why the responsibilities provided in code of conduct for the Preh Group determine the framework and minimum standards to which all employees are bound. These standards help employees to master legal and ethical challenges in everyday working life, create orientation and strengthen confidence in the ability and integrity of Preh Group.

The method selling products, services and technologies of the Preh Group is governed by national and international provisions. These regulations also define the mode of communication with competitors to ensure trustful competition.

Our focus for the reporting year 2021 was set on measures for the further contribution to climate protection as well as the improvement of control mechanisms to promote a sustainable supply chain.

Sustainability belongs to Preh's strategic goals and **we define ambitious operational goals to take care about our employees and the environment**.

The Sustainability Report gives an overview about our corporate principles, activities and efforts for an overall sustainable acting to achieve our strategic goal

Yours sincerely,

ZHENGXIN "CHARLIE" CAI

President & CEO

RUI MARQUES DIAS

Managing Director

CFO

JOCHEN EHRENBERG

Managing Director

CTO

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FIELDS OF RESPONSIBILITY

Sustainability at Preh

We orient on the following fields of responsibility to achieve our goals and to meet the expectations of our stakeholder for a sustainable acting:

Governance (Chapter 1)

Human rights and working conditions (Chapter 2)

Environmental and climate protection (Chapter 3)

Business ethics and practices (Chapter 4)

Supply chain engagement (Chapter 5)

Note:

The report serves as summary of our corporate principles, our activities and efforts and the performance evaluation summarized on the Preh Group for the reporting year 2021 (January 1st – December 31st, 2021). An overview for all reporting disclosures and indicators can be found in the annex.

We promote a sustainable acting for all of our corporate activities.

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1 INTRODUCTION AND GOVERNANCE

2 HUMAN RIGHTS AND WORKING CONDITIONS

3 ENVIRONMENTAL AND CLIMATE PROTECTION

4 BUSINESS ETHICS AND PRACTICES

5 SUPPLY CHAIN ENGAGEMENT

6 ANNEX: DISCLOSURES

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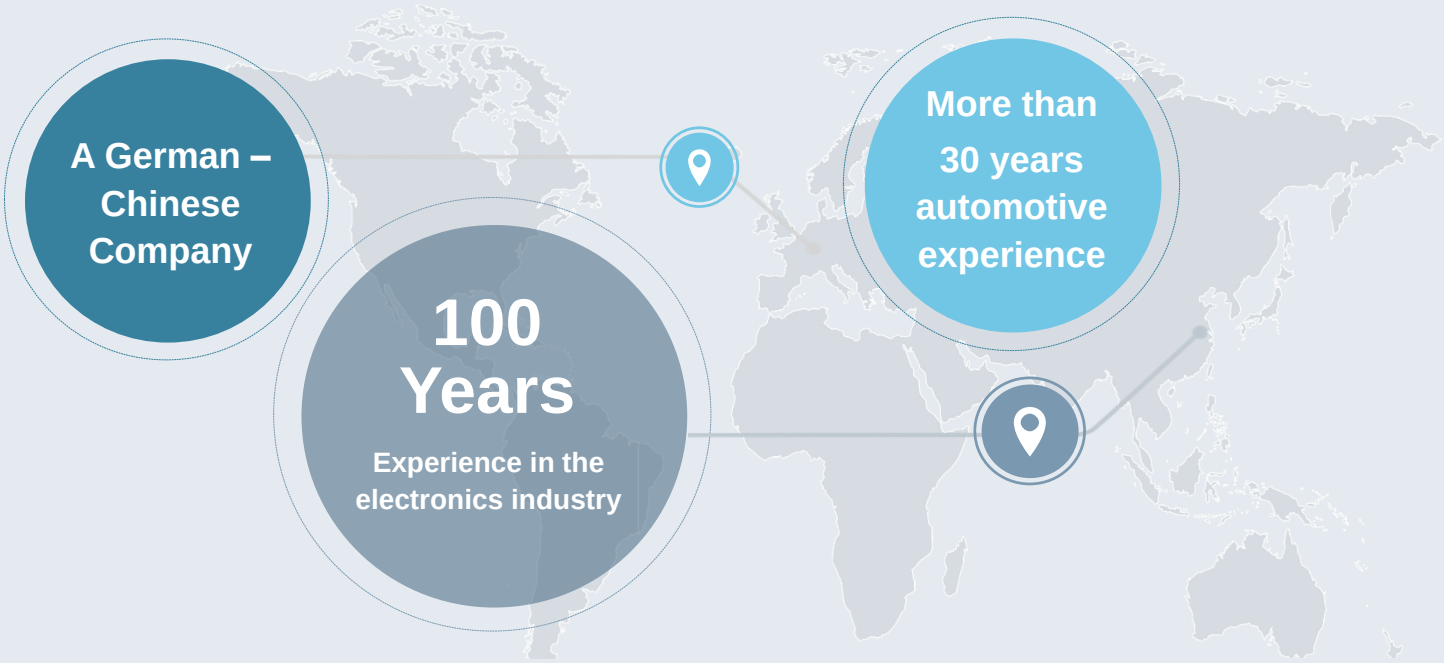
- public -

1

INTRODUCTION AND GOVERNANCE

WHAT IS SPECIAL ABOUT PREH



The perfect combination of access to growth markets, high-tech know-how and cost efficiency

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PREH WITHIN THE JOYSON GROUP

Automotive Electronics

preh

Automotive Components

JOYSONQUIN
AUTOMOTIVE SYSTEMS

JOYNEXT
功 联 智 行

Automotive Connectivity

JOYSON
SAFETY SYSTEMS

Automotive Safety

Joyson Electronics Group is one of the largest automotive suppliers globally:
>100 locations in 30 countries; more than 50,000 employees; turnover about € 6 Bn (2021)

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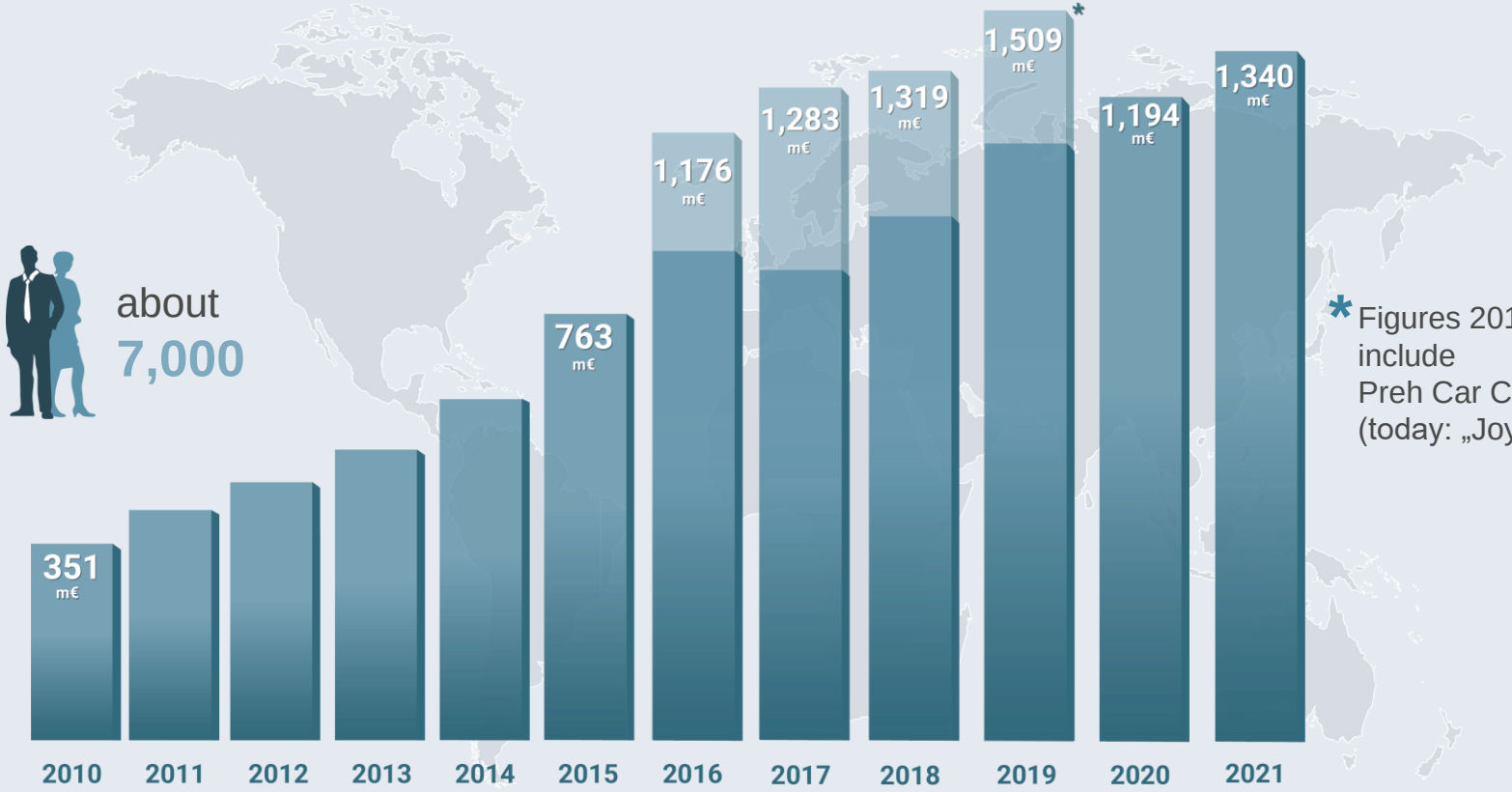
PREH GROUP SALES & EMPLOYEES



* Figures 2016 - 2019 include Preh Car Connect (today: „Joynext“)

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OUR LOCATIONS

3 Sales Regions / 6 Production Locations / 4 Research & Development Centers

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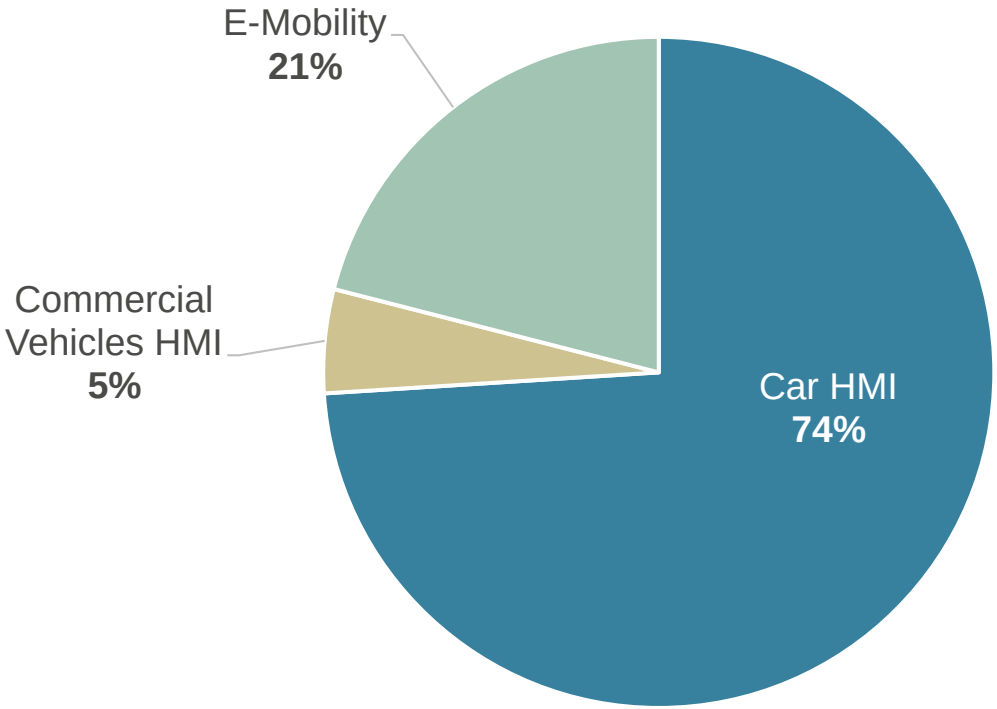
SALES BREAKDOWN BY PRODUCT DIVISION



HMI = Human Machine Interface

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PRODUCT DIVISION CAR HMI

Control Systems with active haptic feedback, magnet haptics and high quality surfaces

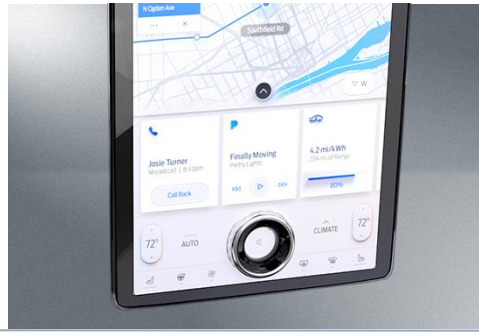
Preh Group is …

… a leading supplier of multifunctional steering wheel switches (about 10 mill. units p.a.)

… a leading climate controls manufacturer (no. 1 in North America)

… a global HMI technology leader (e.g., with haptic feedback technology)

Central Controls	Multifunctional Steering Wheel Switches	Climate Controls	Centerstacks



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PRODUCT DIVISION COMMERCIAL VEHICLE HMI

Systems/Consoles

- **Consoles:**
  Drive lever, multi-use knob, shifter, rotary knob, fingertip rocker, rocker, switch arrays with displays, structural parts, trim wiring, CAN-network, customized platforms

- **Steering wheel systems:**
  Instrument cluster, reverser, steering column switch, light switch, trim parts

John Deere, several models	Fendt, FendtONE platform	Preh future concept console

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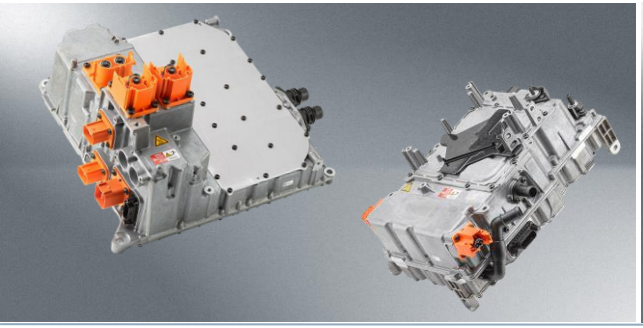
PRODUCT DIVISION E-MOBILITY

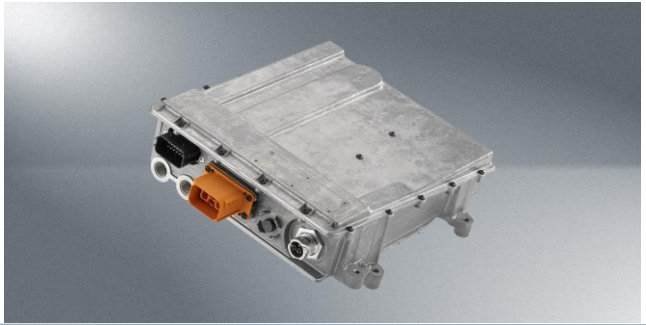
Strong Market Position

- 800V Technology (Boosters, DC/DC Converters)
- On-Board Chargers (11kw up to 44kw)
- 12V and 48V Battery Management Control Units

800V Booster and DC/DC Converter Technology



On-Board Chargers for cars and commercial vehicles



Battery Management Control Units

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AWARD OVERVIEW

2021

GM Supplier Quality Excellence Award
Pace Award Finalist
Ford World Excellence Award
(Category: Create Must-have Products and Services)

2020

AGCO / FENDT Innovation Award
GM Supplier of the Year Award
SAIC-VW “Gold Award” for excellent technological performance

2019

GM Supplier of the Year Award
John Deere „Partner-Level Supplier”
SAIC-VW Excellent Cooperation Performance Award

2018

GM Supplier of the Year Award
BMW Supplier Innovation Award
Ford Q1 Award
Pace Award Finalist

2017

GM Supplier of the Year Award
John Deere „Partner-Level Supplier”
GM Supplier Quality Excellence Award

2016

Daimler Supplier „Special Award“
SGM Quality Award

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GUIDING PRINCIPLES

PASSION FOR EXCELLENCE

OUR CLAIM

Excellence is defined as striving for the best possible result in everything we do.

Excellence really can never be reached but is rather a guiding principle that motivates us to always give our very best!

Only with a passion for excellence, we will do everything to prevent mistakes, especially to avoid making the same mistake twice. Also, passion for excellence motivates us to learn every day something new and to work according to the principle “everything is possible”.

OUR VISION

WE passionately strive for excellence creating smarter and sustainable solutions, in everything we do.

The vision defines what we want to achieve in the future. It contains the element „WE“, which comprises all Preh locations. It gets to the heart of our claim to passionately strive for excellence. It clarifies Preh‘s quest to always be one step ahead of the competition („smarter“). Preh strives to satisfy future customer expectations as well as to promote safety and environmental aspects („sustainable solutions“).

OUR MISSION

With highest quality and competitiveness we create cutting-edge technology for HMI and e-mobility.

The mission describes today‘s focus of action, needed to achieve the vision. It also contains the element „WE“, which comprises all Preh locations. It details „excellence“ as prioritizing highest quality and competitiveness. It describes our aspiration for innovation („cutting-edge technology“) in our current fields of business („HMI and e-mobility“).

OUR VALUES

Excellence – Accountability – Continuous learning & improvement – Goals / result orientation – Global thinking, throughout the whole company

Our values are the basis of the common thinking and acting of all colleagues at Preh Group.

HMI = Human Machine Interface

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OUR VISION

OUR VISION

WE passionately strive for excellence, creating smarter and sustainable solutions, in everything we do.

The **vision** is aligned towards the future. It contains the element „**WE**“, which comprises all Preh Group locations. It gets to the heart of our claim to **passionately strive for excellence in everything we do.** It makes clear that at Preh we want to be **smarter** in the sense of creating solutions that allow us to be one step ahead of the competition.

Here, creation of solutions does not only refer to the development of innovative products. It rather refers to the whole company, i.e., Preh wants to be smarter in every respect (“in everything we do”)! Some examples of being smarter: Right market opportunity foresight when making investments, achieving higher organizational efficiency within all of Preh Group than our competitors do in their organizations, etc.

Striving for excellence also means to address **sustainability**. A **sustainable solution** comprises environmental aspects and also much more, as it means to be excellent in everything we do. This means, a sustainable solution is not a short-term fix of a problem, but a sound solution - well thought out and implemented with diligence. A sustainable solution applies not merely to things, but also to processes and relations.

The 4-eyes-principle is an example how a simple process can be made more sustainable. Simplicity, not complexity is the key for sustainable processes, products and solutions. Looking at suppliers and customers we intuitively understand the significance of sustainability as it stands for mutually beneficial long-term relationships.

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OUR MISSION (I)

OUR MISSION

With highest quality and competitiveness we create cutting-edge technology for HMI and e-mobility.

The **mission** describes today‘s focus of action, needed to achieve the vision of the future. It details „excellence“ as prioritizing **highest quality and competitiveness**. In this sense, quality excellence means, for example, to strive for zero ppm, for zero incidents and not to stop day to day to reduce further scrap until we’ve achieved as well zero scrap. Quality excellence means as well to eliminate rework, to deliver reliable services and to close always the loop according to the PDCA (Plan Do Check Act).

An element of competitiveness is market excellence. It means that we should systematically monitor our competitors in order to know them really well and to understand where we have to improve to be always a step ahead. We have to understand our customers! Our customer is not only the engineering or the purchasing department.

It’s much more - there are the plants, there is quality and the logistics and finally their marketing. They all have different interests and it’s essential to know them to develop and to deliver the right product and services. Only by understanding all of our customers, consolidating the views we’ll be able to derive a reliable product strategy and finally also be able to innovate!

All of this can only work out if we are commercially competitive! We have to go for the most attractive elements in the total cost comparison, in tooling, with lean development process to benchmark development cost and finally in an attractive piece price. The mission also contains the element „**WE**“, which comprises all Preh locations. It describes our aspiration for innovation („**cutting-edge technology**“) in our current fields of business („**HMI and e-mobility**“). So, what is our focus of action here?

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OUR MISSION (II)

OUR MISSION

With highest quality and competitiveness we create cutting-edge technology for HMI and e-mobility.

In the end, everything we do serves the creation of advanced technical solutions for our customers. Today, as well as during the near future, we focus on the markets for HMI- and e-mobility products. However, the HMI market undergoes a deep transition. Established competitors cease to be and new competitors appear while the HMI-technologies are changing rapidly. This has a tremendous impact on Preh, as the majority of our sales are derived from Car HMI products. Most of these HMI solutions might disappear due to the advancement of touchscreens. The control systems that are still in demand – such as multifunctional steering wheel switches – do face an intense competition.

So, one of Preh's tasks will be to find out, which products and technologies will be in demand in the future and to create with smart ideas the demand for the future. In the e-mobility field we have successfully done this already. Preh is first-to-market with its 800V technology for Porsche and we have invested heavily in a laboratory for power electronics testing. Now, a similar step is required for Car HMI and as well to sharpen our product portfolio for Commercial Vehicles. Of course, this is only one example. Many other tasks will also be necessary.

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OUR VALUES

OUR VALUES

Excellence

Excellence is defined as striving for the best possible result in everything we do. Excellence really can never be reached but is rather a guiding principle that motivates us to always give our very best!

Accountability

In order to improve we not only need lessons learned but also accountability. It means for every success and for every failure there are colleagues to be held accountable for. It is the opposite of the mindset “a mistake happened, but nobody knows who is responsible for it”. Accountability is a prerequisite for any lessons learned and improvement action, as it clarifies responsibilities. With a clear responsibility, actions for improvement can be planned, done and checked.

Continuous learning and improvement

Excellence is closely related to continuous learning and improvement. If a lessons learned feedback is given, taken serious and triggers changes – then we can improve. Continuous learning and improvement prevents a repetition of mistakes or of non-sufficient performance. It is mandatory for our pursuit of excellence.

Goals / result orientation

Working at Preh does not mean we keep ourselves just busy. Tasks should either create value for the company or they should not be done at all! Therefore, at Preh we work with a clear goals and result orientation. We are performance driven and will be held accountable for the results of our work.

Global thinking, throughout the whole company

When improvements are planned, our focus should always comprise the whole company. We need to think global, as Preh Group can only be successful when all locations are successful together. In this sense, we should share our best practice experience with our colleagues throughout the whole company. Perceiving our work as a contribution to the value created within all of Preh Group may be a new perspective. However, if some locations are successful with the approach to excellence, but others not, Preh Group as a whole cannot perform excellent. Finally we are one team!

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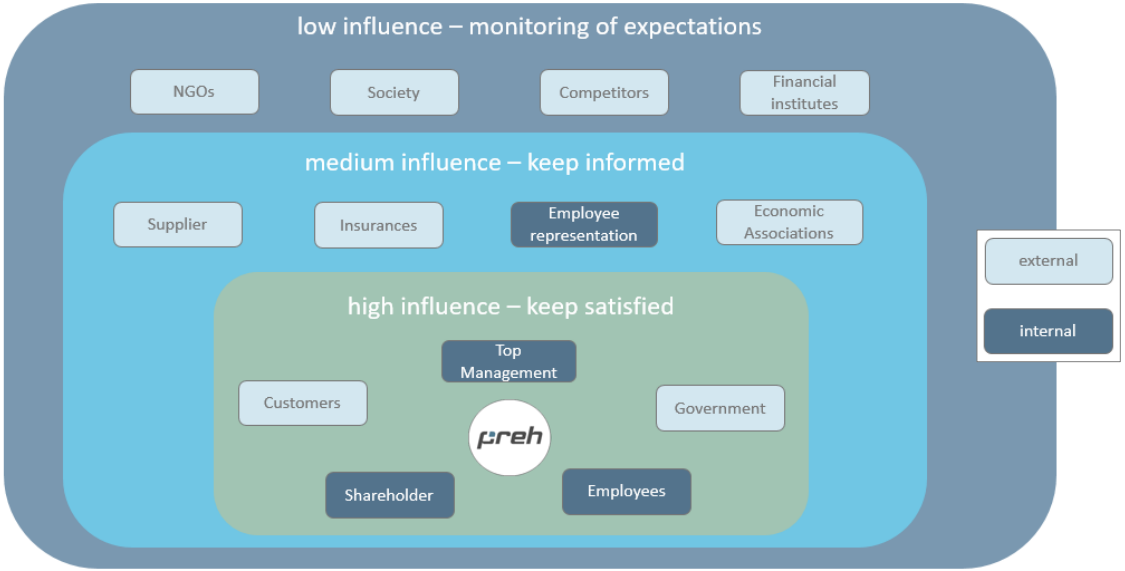
INTERESTED PARTIES AND STAKEHOLDER

Corporate Principles

We commit to assess the needs and expectations of all shareholders by joint cooperation and open dialogues

Activities and efforts of Preh (extract):

Internal and external interested parties as well as stakeholder are identified in the course of the corporate context evaluation as part of our integrated management system. Thereby the influence of the interested parties is assessed for various criteria related to their impact. An evaluation scheme serves as basis for the influence classification of each identified stakeholder group.



Number of identified external stakeholder groups:	9

Number of identified Internal stakeholder groups:	4

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REPORTING PRACTICE AND MATERIALITY

General Processing

The wide range of related topics lead to the prioritization. Therefore a materiality analysis is a significant step for the identification of our target setting and focusing. Due to our business activities, our industry sector and our influence potential, specific topics may receive an increased importance for our daily business.

The analysis result shows an overview about the materiality of relevant topics in relation to the expectations of external stakeholders (identified in page 20). The second parameter represents the impact for our business success.

The evaluation of the materiality underlies various criteria:

- External compliance obligations as base for business relationship
- Economical and operational impact of the topic to our activities

The materiality is regularly reviewed by the Management Board of the Preh Group.

Restatements of information	Update of information for the respective disclosure
Changes in reporting	Updates according to the updated materiality.
Reporting period	This is the 2nd edition of the report by Preh GmbH following the Report from 2020. Base is fiscal year 2021.
Date of most recent report	9th August 2022
Reporting cycle	annually
Contact point for questions regarding the report	Preh GmbH Schweinfurter Str. 5-9 D-97616 Bad Neustadt a. d. Saale **e-mail:** sustainability@preh.de
Claims of reporting in accordance with the GRI Standards	The report is based according to the GRI Standards: Core Option - GRI Referenced Report -
GRI content index	The index is listed in the Annex
External assurance	No submission for external assurance.

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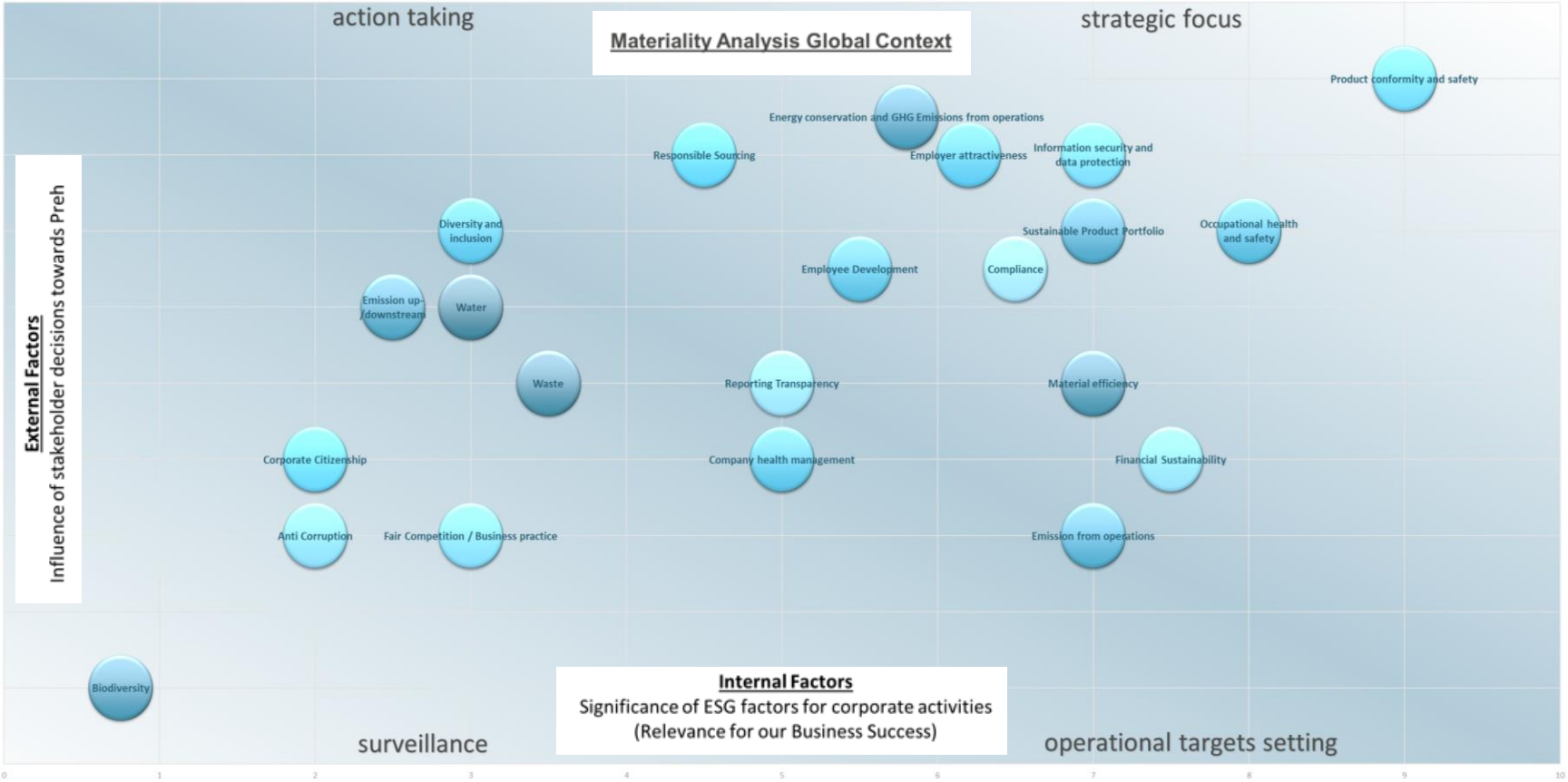
MATERIALITY



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SDG CONTRIBUTION

Contribution to the Sustainable Development Goals – SDG – Agenda 2030

“Passion For Excellence” accompanies our daily acting. With our strategic goals and ambitions we contribute to the Sustainable Development Goals. The overview shows the alignment between our goals and ambitions with the SDGs.

1. FASTEST GROWTH

Preh plans to grow significantly faster than the world wide automotive market.

2. SUSTAINABLE PROFITABILITY

3. ZERO DEFECTS

4. RELIABILITY

Preh wants to be a reliable partner for its customers.

5. SUSTAINABILITY

Preh defines ambitious operational goals to take care about our environment.

6. ATTRACTIVE EMPLOYER

Preh offers challenging job opportunities as well as continuous learning and provides attractive working conditions.

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2

HUMAN RIGHTS AND WORKING CONDITIONS

RESPECT OF HUMAN RIGHTS AND WORKING CONDITIONS

Corporate Principles

Equal opportunities must be guaranteed in the workplace and the company must refrain from any form of discrimination unless the applicable law expressly provides a framework for selection by certain criteria. Employees must not be treated differently on the grounds of gender, race, ethnic origin, disability, religion or beliefs, age or sexual orientation. Employees and members of the Management Board must interact with mutual respect, understanding, and trust in the interest of our shared corporate objectives.

Preh Group recognizes the rights of employees to form, join, and be active in trade unions and employee representative bodies in accordance with applicable laws, collective bargaining agreements and local customs. Preh Group does neither allow preferential treatment nor any discrimination of employee representatives.

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RESPECT OF HUMAN RIGHTS AND COLLECTIVE BARGAINING

Activities and efforts of Preh (extract):

The following activities are established at Preh to ensure equal opportunities for all employees:

- Implementation of the Preh Integrity Line in December 2021 (see page 51)
- Implementation of a global work accidents analysis dashboard for identification of work accidents patterns in the Preh Group
- Established representation body for severely disabled employees (e.g. Bad Neustadt / Dippach)
- Employee representation body (e.g. Bad Neustadt) for collective bargaining negotiations
- Establishing of intercultural trainings for each specific region (e.g. China)
- Age verification during recruitment process
- Establishing of age pyramids as basis for analysis and focus for further actions:
    - Communication channels (suitable for all ages)
    - Planning of successor positions
    - Trainings
    - Prevention of potential fluctuation

Number of full-time employees Preh Group (status 12/2021)	7054
Percentage of female employees in the Preh Group (Status 12/2021)	52.09 %
Percentage of male employees in the Preh Group (Status 12/2021)	47.91 %
Percentage of employees covered by collective bargaining agreements by IG METAL in 2021 (Bad Neustadt)	90.45 %
Percentage of women in executive positions in the Preh Group (Status 12/2021)	25 %
Percentage of women in the Supervisory Board (Status 12/2021)	17 %
Percentage of employees over 55 at headquarter Bad Neustadt (Status 12/2021)	31.66 %
Percentage of employees under 25 at headquarter Bad Neustadt (Status 12/2021)	14.86 %

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EMPLOYEE DEVELOPMENT AND AWARENESS

Activities and efforts of Preh (extract):

The personal and professional development of our employees is an essential aspect of our business success. It furthermore contributes to our strategic goal “Attractive Employer”. The following activities shows an extract of our efforts.

- Provision of a common training platform (trainings@preh)
- Provision of apprenticeships and student programs in various professions e.g. mechatronics, tool maker
- Roll out of a training software for the Preh locations to improve the transparency of performed instructions and trainings regarding:
    - Environmental protection, Health and Safety
    - Information security and data protection
    - Anti-Fraud
    - Data-Protection
- Promotion of employee development by regular training planning as well as the regular performance evaluation of each employee at all Preh locations

Number of young apprentices and trainees - Preh Group (2021)	54
Number of performed trainings and instructions via Instruction Tool in 2021 (headquarter Bad Neustadt)	30290
Percentage of performed data protection instructions 2021 (headquarter Bad Neustadt)	92.73 % (1775)

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OCCUPATIONAL HEALTH AND SAFETY – INDICATORS

Corporate Principles

Preh offers challenging job opportunities as well as continuous learning and provides attractive working conditions. This includes furthermore the provision of a save and secure work environment.

Management Approach

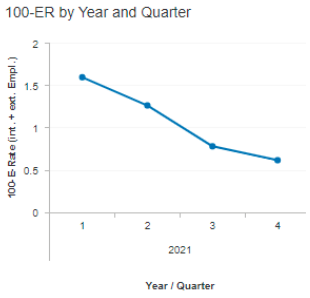
For the provision of a safe work environment it is one of our tasks to monitor and analyze potential incidents and to deduce proper actions.

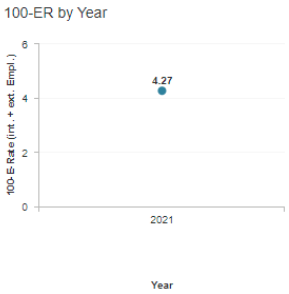
We measure our self against local specific indictors of workers associations as well as the limits of international accepted indicators.

To measure our benchmark we orient on the mentioned indicators over all Preh locations. Further location based analysis will be done on local level.

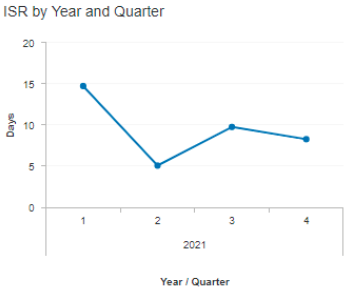
The comprehensive accident reporting on global level started in 2021.

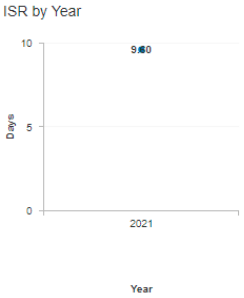
100 - Employee Rate [100-ER] by internal and external temporary employees



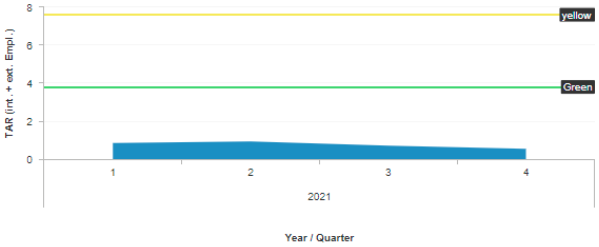


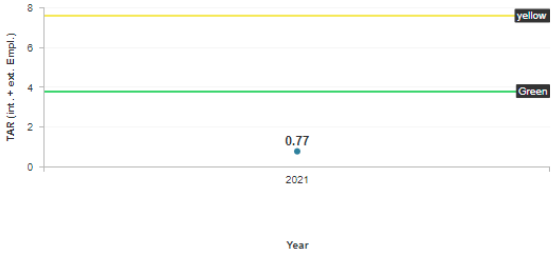
Injury Severity Rate [ISR] by internal employees





Total Accident Rate [TAR] by internal and external temporary employees





100-Employee-Rate:
(internal + external temporary employees)

$$= \frac{\text{Number of work accidents} * 100\ \text{Employees}}{\text{Number of Employees}}$$

Total Accident Rate:
(internal + external temporary employees)

$$= \frac{\text{Number of work accidents} * 200.000\ h}{\text{Total working hours}}$$

Injury Severity Rate:
(only internal employees)

$$= \frac{\text{Number of absence days} * 200.000\ h}{\text{Total working hours}}$$

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OCCUPATIONAL HEALTH AND SAFETY

Activities and efforts of Preh (extract)

The strategic approach is, that all Preh production locations are certified according to the international Management System standard ISO 45001. Our work safety organizations in the Preh locations develop, realize and optimize work safety concepts continuously under consideration of country-specific regulations and conditions. We orient on the following control hierarchy (scheme on next page) to ensure the health of our employees by maintaining of a safe work environment.

Number of performed instructions for fire-protection in 2021 (headquarter Bad Neustadt)	2091
Percentage of production location with implemented work safety committee	100 %
Percentage of production locations with an implemented ISO 45001 certification:	100 %

Note: Work safety committee

The structure of the work safety committee differs between the various countries. They consist mainly of members of the local management, safety experts and employee representatives or representatives from the medical service.

Preh established various mechanisms to ensure the provision of a save work environment for employees, for example:

- Performance of hazard assessments to eliminate and mitigate risks
- Regular inspections related to Environmental Protection, Health and Safety and compliance assessments
- Performance of internal system audits as well as external certification audits
- Consultation of employees by the internal suggestion system “Ideas by Preh”
- Communication platform „Preh Intranet“ for general EHS awareness
- Implementation of work safety committees in Preh production locations
- Provision of medical services and occupational medical checkup
- Performance of safety trainings and fire protection trainings
- Performance of on-the-job-trainings for employees handling with equipment and chemicals
- Implementation of visitor management software for service provider (Bad Neustadt)

Number performed instructions for COVID-19 protection and hygienic measures in 2021 (headquarter Bad Neustadt)	8756

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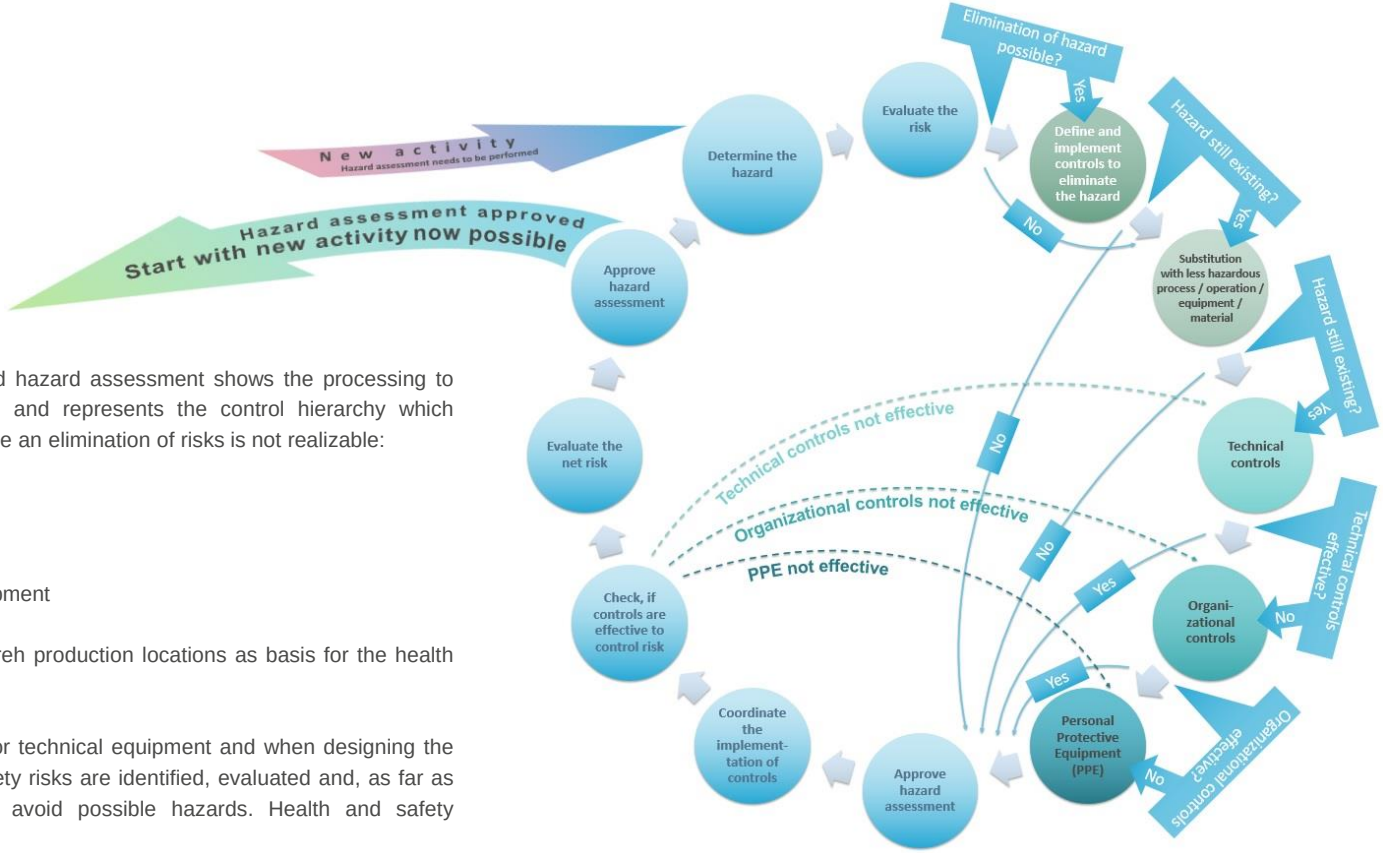
OCCUPATIONAL HEALTH AND SAFETY – CONTROL HIERARCHY



Control hierarchy

The scheme of our activity-related hazard assessment shows the processing to eliminate hazards for employees and represents the control hierarchy which includes the STOP-Principle in case an elimination of risks is not realizable:

- **S**ubstitution of the risk
- **T**echnical controls
- **O**rganizational controls
- **P**ersonal Protection Equipment

The methodology is used at all Preh production locations as basis for the health and safety management system.

Before the use of new materials or technical equipment and when designing the work environment, health and safety risks are identified, evaluated and, as far as possible, eliminated in order to avoid possible hazards. Health and safety concepts apply to every employee.

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OCCUPATIONAL HEALTH AND SAFETY (EXAMPLES)

Preh Bad Neustadt / Preh Romania – Ergonomics

The continuous optimization of ergonomics is an essential part of the work environment design. For the avoidance of physical stress by e.g. lifting magazine rags the locations Bad Neustadt and Ghimbav (Romania).

Preh Portugal – Warehouse safety

Forklifts are equipped with “bluespots” to warn pedestrians in working areas with limited vision to improve safety in our warehouses (e.g. in Portugal).

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CORONA (COVID-19) – CHALLENGES FOR OUR DAILY BUSINESS

Facing new challenges - Activities and efforts (extract):

The coronavirus pandemics has forced our organization to make rapid adjustments at workplace.
More and more employees are working remotely, creating new challenges and forced our Preh locations to adopt innovative solutions for teleworking.

1. Teleworking – Home office alternative has presented technical and organizational challenges. Employment regulations and data protection have been adapted and reinforced
2. New Communication Tools – The new digital communication solutions, chats and remote meetings have been adopted as viable solutions, in order to allow teams to stay in contact with each other and be up to date.
3. Personal Responsibilities – Preh defined clear goals for employees and managers tracked the performance in order to allow employees to continue to stay focused on their responsibilities.
4. Leadership – Employees were trained to know how and when they can reach their direct managers, to ensure that they feel secure about what they do and know there’s always help.
5. Management's & EHS coaching – Managers and EHS dept. provided information and tips on how to manage the teleworking system, in order to stay safe and healthy.
6. Flexible schedule – Preh implemented flexible schedule to mitigate the mental impact of crisis with flexible hours if there are slow-downs or contracts fail to materialize beyond employees’ control.

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3 ENVIRONMENTAL AND CLIMATE PROTECTION

ENVIRONMENTAL PROTECTION

Corporate Principles

The Management Board understands the health and safety of all employees as well as the protection of environment and climate as important corporate guiding principles. We aim to a continuous improvement of our EHS performance by setting our own EHS targets and implementing appropriate measures.

In order to avoid environmental pollution and conserve natural resources, our current and future activities are regularly evaluated from an ecological point of view. Legal environmental protection and safety regulations are our minimum standard. The energy flows are regularly analyzed and evaluated by the energy teams at the respective location and new potentials for improvement are defined.

Activities and efforts (extract):

Environmental protection is an essential part of the integrated management system. The operational environment protection is based on identified environmental aspects as well as related compliance obligations. The environmental protection considers among others the following core topics:

- Waste management
- Chemical management
- Immission control
- Soil protection
- Water security

Environmental management systems according to ISO 14001:2015 are established for the continuous improvement of our environmental performance at all Preh production locations as well as central functions at our headquarter. The EHS Policy of the Preh Group is valid for all Preh employees.

Percentage of production locations with an implemented ISO 14001 certification:	**100 %**

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ENVIRONMENTAL COMPLIANCE

Corporate Principles

In order to avoid environmental pollution and conserve natural resources, our current and future activities are regularly evaluated from an ecological point of view. Legal environmental protection and safety regulations are our minimum standard.

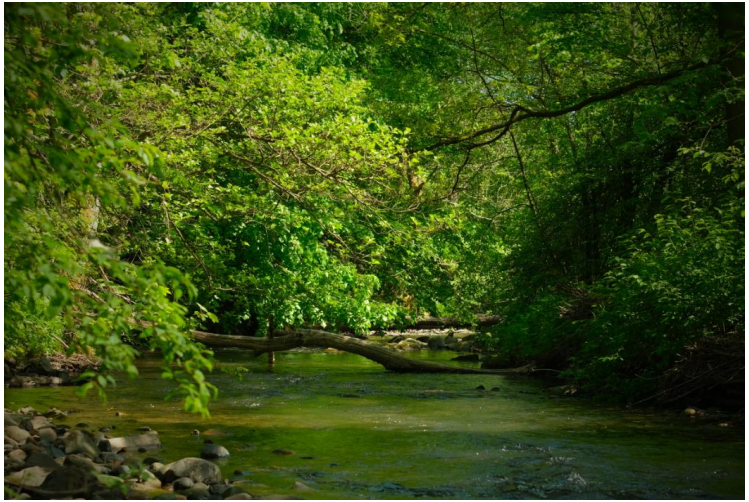
Activities and efforts (extract):

Our identified significant environmental aspects are assessed according to a group-wide assessment standard. Risks and opportunities are identified to control our environmental aspects.

The applicability of legal requirements is regularly reviewed on local level regarding changes in requirements or changing conditions due to changes in processes, technologies or other conditions.

The number of environmental incidents and fines serves as indicator for the effectiveness of our environmental management system. Environmental incidents are analyzed on local level and will be summarized on central level.

Thereby significant fines are defined on a basis of 10,000 RMB per single case.



Total monetary value of significant fines [€]	n/a
Total number of non-monetary sanctions:	0
Cases brought through dispute resolution mechanisms	0

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WASTE MANAGEMENT – GENERAL

Corporate Principles

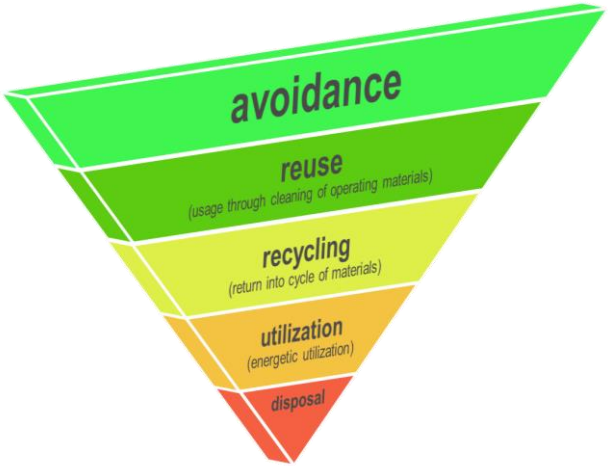
We respect our environment and implement actions to avoid negative impacts. We established therefore the following principles for all production locations for reduction of resource consumption and waste generation.

Processing and efforts of Preh

The promotion of a proper waste management is an essential part of the operational environment protection in each production location. Waste separation concepts are defined on local level based on the applicable legal regulations. Thereby the waste hierarchy (see chart) is essential for the prioritization of our waste concepts.

The following internal mechanisms are implemented to promote a proper waste management:

- Central waste parks in production locations
- Waste Supplier Audits
- Regular EHS trainings for employees
- Location instructions for visitors and business partner
- Continuous increase on waste type separation
- Reduction of packaging volume to reduce transport efforts
    - Cardboard compactor
    - Barrel compactor
    - Styrofoam compactor



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WASTE MANAGEMENT – PERFORMANCE

Waste Performance 2021

The overview shows the development of generated wastes of all Preh production locations, based on the waste reporting between Preh locations and the respective disposal and recycling companies.

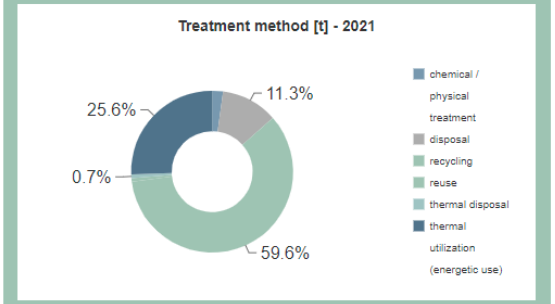
Main waste types out of production wastes from our corporate activities are:

- Plastic injection wastes
- Paint sludge and solvent rests (hazardous wastes)
- Packaging wastes (e.g. foil, cartons …)
- Wood packaging
- Electronic scrap

Waste balance

2021	2020
Generated waste [t]	Generated waste [t]
4,740.70	4,762.91
Hazardous waste [t]	Hazardous waste [t]
752.00	721.63

Environmental performance



2021	2020
Total recycled waste [t]	Total recycled waste [t]
2,823.75	2,949.53
Total recovered waste [t]	Total recovered waste [t]
4,138.56	4,180.68

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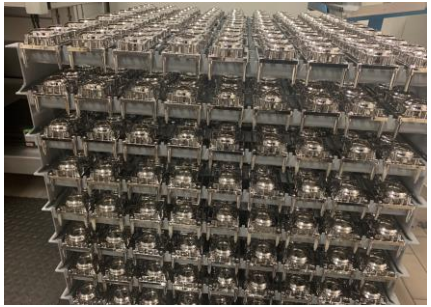
WASTE REDUCTION PROJECTS (EXAMPLES)

Plastic sprue grinder and dispenser – Injection Molding – Preh Portugal

With the help of a grinding mill and a dispenser for a specific project the plastic sprues will be reused for the material flow to decrease our plastic waste at the production line.
Due to the direct usage a recycling ration up to 9 % can be achieved without any negative impact of the final product.



Steel carrier for plastic parts – Paint Shop – Preh Bad Neustadt

Due to increased UV paint application, the usability of plastic holders is significant reduced (2-3 times with UV paints) and therefore plastic waste increased. In 2021 around 3.9 tons of plastic waste could be avoided due to the change to steel carrier and the increased usability.

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FRESH WATER MANAGEMENT

Corporate Principles

We respect our environment and implement actions to avoid negative impacts. We established therefore the following principles for all production locations:

- prevention of air, water, soil and other pollutions
- reduction of resource consumption

Activities and efforts (extract)

We see water as a precious resource. The Preh production locations are monitoring and evaluating the water withdrawals for the responsible use of fresh water resource. With the help of monitoring by continuous implementation of meters for main consumers, we have the opportunity to identify the potential reduction possibilities and occurrence of unwanted wasting timely (e.g. potential leakages in pipes).

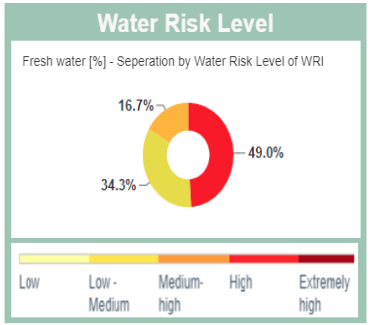
Fresh water is used at the Preh locations for:

- sanitary purpose
- humidification of production areas
- cooling of machines and equipment (e.g. air-compressors)
- production process (painting cabins in the paint shops)
- irrigation

Water Risk Level evaluations are based on the *WRI Aqueduct Water Atlas* to identify areas with high water stress. All Preh production locations discharge water into municipal sewage system and there is no direct discharge into surface water bodies.

The main activities focus on the increase of transparency for the water withdrawal to identify and to react on potential irregularities:

- Implementation of digital water monitoring in the location China
- Restructuration of fresh water infrastructure and implementation of monitoring software in Bad Neustadt



Total withdrawal of freshwater in Megaliters [Ml]	92.5
Withdrawal trend towards 2020	+5.6 %
Identified fresh water consumption in Megaliters [Ml]	4.8

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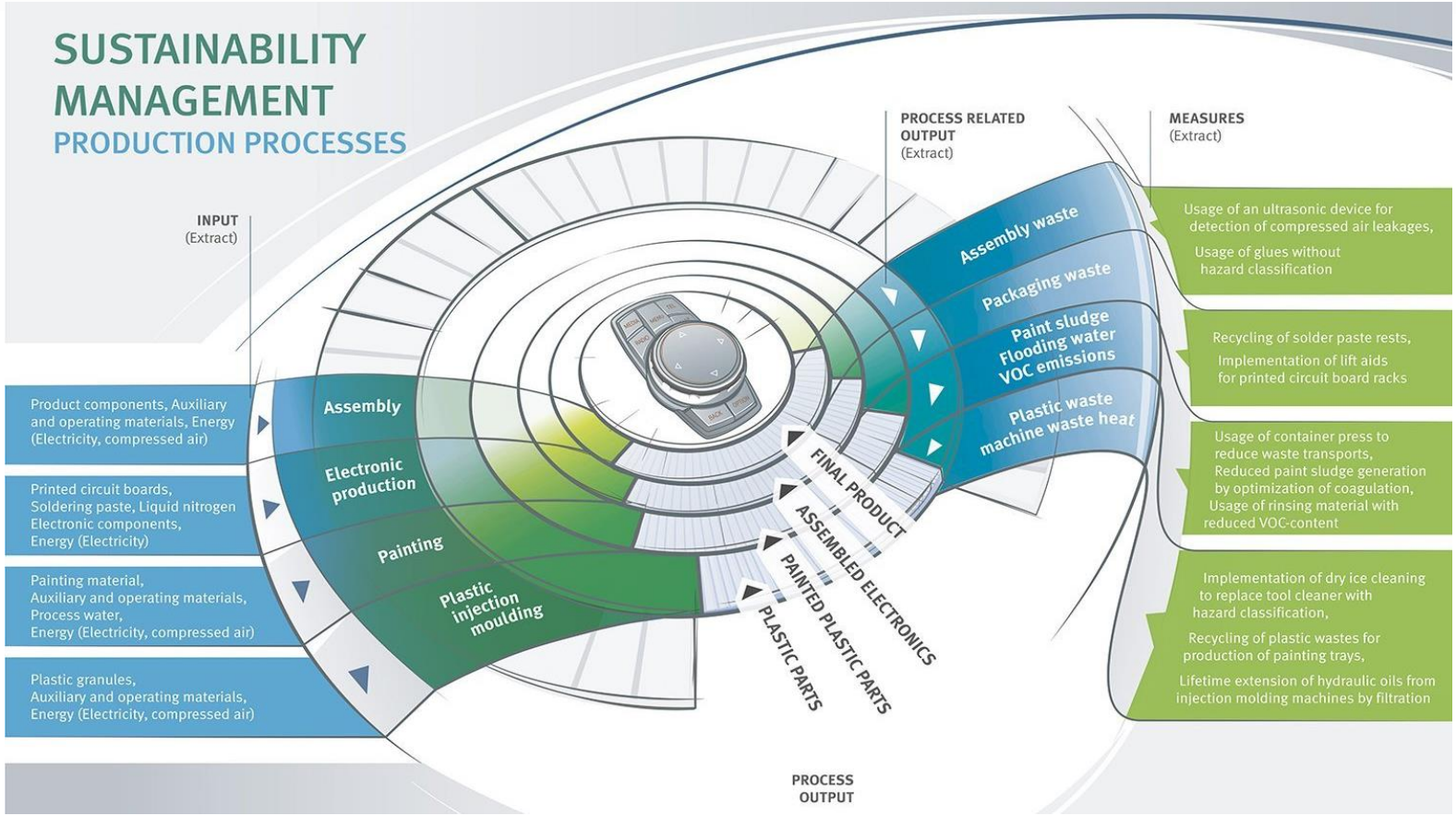
FOCUS ON PRODUCTION PROCESSES



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ENERGY CONSUMPTION AND CLIMATE PROTECTION

Corporate Principles

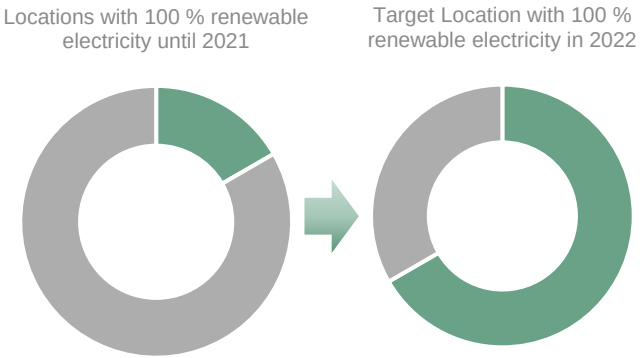
At the Preh locations we strive for the improvement of our energy related performance by limiting our consumption and reduction of greenhouse gas emission by:

- analysis and evaluation of energy consumption
- implementation of realizable energy efficiency projects and usage of renewable energies
- participation in climate reporting initiatives
- procurement of electricity from certified renewable sources

Activities and efforts (extract)

For the reduction of the energy demand at our production locations we focus on the following projects:

- Stepwise replacement of illumination to LED (all locations)
- Replacement of rpm controlled pumps
- Heat recovery from air compressors
- Replacement by energy efficient heat systems
- Replacement of refrigerants with decreased global warming potential (e.g. for climate chambers)
- Performance of energy efficiency audits (according to EN 16427-1)
- Decarbonization studies for the reduction of Scope 1 and 2 emissions



Consumed electricity in Preh production locations 2021 [MWh]	84,045
Percentage procured electricity out of renewable energies 2021 [%]:	60.8
Scope 1 & 2 GHG emission intensity 2021 [tCO2 / M€ Turnover]	15.7

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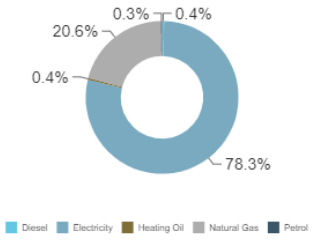
ENERGY CONSUMPTION AND CLIMATE PROTECTION

Consumption [GWh]

Quantity - separation by source - 2022



Quantity [GWh] - 2021

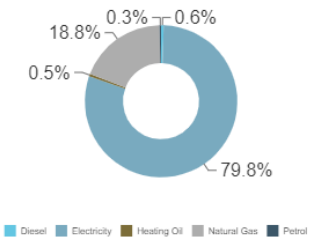
105.134

Quantity [GWh] - 2020

96.889

Carbon Footprint [tCO2]

CO2 - Scope 1 / 2 - separation - 2022



CO2 - Emissions [tCO2] - 2021

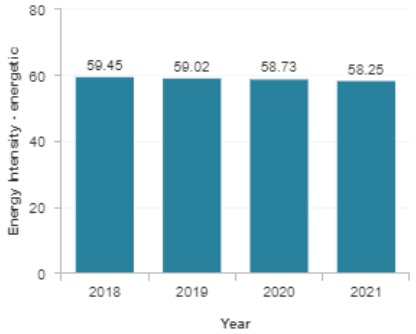
22,720

CO2 - Emissions [tCO2] - 2020

29,100

Performance indicators

Electricity Intensity - energetic by Year



Electricity Intensity - energetic - 2022

58.25

[kWh Energy / 1000 EUR TO]

Energy performance

Electrical energy represents the majority of our consumption for business activities. In this course the majority of our direct and indirect emissions are caused by electricity consumption.

The majority of Scope 1 emissions are generated due to natural gas consumption, whereby heating of building is the main purpose. The calculation methodology is based on the Greenhouse Gas Protocol (market-based approach). The input of 58.25 kWh electrical energy are used to generate 1,000 € of Turnover. A slight positive trend during the last years is visible.

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PROCUREMENT OF ELECTRICITY OUT OF RENEWABLE ENERGIES

Preh GmbH Bad Neustadt

Preh Thüringen GmbH

In November 2021 we decided to change our strategies for electricity procurement of our German locations Preh Thüringen GmbH as well as the headquarter and production location Preh GmbH in Bad Neustadt. With the beginning of January 2022 both locations will be supplied with electrical energy from renewable energies, which will reduce the carbon footprint for Scope 1 and 2 emissions by around 60 % towards the reporting year 2021.

Our goal is to change all European production locations to renewable energies until 2025.

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ENERGY SAVING AND EMISSION REDUCTION (EXAMPLES)

Alternative Air Conditioning - Ningbo Preh Joyson Electronics Corporation

By supplementation of a water tank and the respective circulation system the technically conditioned cold of nitrogen can be used for air-conditioning of production areas.

The annual electricity savings up to 450 MWh per year represent around 234 tons CO_2 (marked-based).

Charging stations – Preh Bad Neustadt

In the end of 2021 around 50 additional charging stations have been installed at the facility grounds of Preh Bad Neustadt. The total number has been increased to 72.

The benefit of the charging stations is, that the location Bad Neustadt, will be supplied with 100 % of electricity from certified renewable sources since January 2022. This will significantly reduce the Scope 3 emissions for employee commuting at the location.

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CARBON DISCLOSURE PROJECT

Corporate Principles:

The Preh Group Management Board understands the health and safety of all employees as well as the protection of environment and climate as important corporate guiding principle for a sustainable acting.

Activities and efforts (extract):

At the Preh locations we strive for the improvement of our energy related performance by limiting our consumption and reduction of greenhouse gas emission by:

- analysis and evaluation of energy consumption
- implementation of realizable energy efficiency projects and usage of renewable energies
- participation in climate reporting initiatives
- procurement of electricity from certified renewable sources

We are continuously improving the disclosure of our environmental impacts - especially indirect emissions for up- and downstream processes; e. g. manufacturing of production materials - and the environmental performance by promotion of energy and emission reduction initiatives. In 2021, the Preh Group reached the “awareness level” for climate change (see page 46) and the “management level” for water security (see page 47).

Scope 3 – Emissions

For the disclosure of the Scope 3 emissions we classified the related upstream and downstream activities regarding applicability and influence. Thereby we determined the following activities as part for further calculation:

- Purchased goods (especially for production material like plastic resin and painting material)
- Intercompany transportation (with focus on transport of semi-finished products between Preh production locations)
- Employee commuting
- Business travel
- Waste and waste water treatment

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CARBON DISCLOSURE PROJECT

Climate change – 2021

CDP DISCLOSER 2021

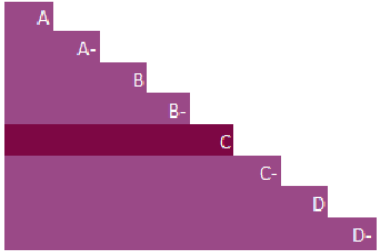
Your CDP score

C

Average performance

B-	B	B-
Electrical & electronic equipment	Europe	Global Average

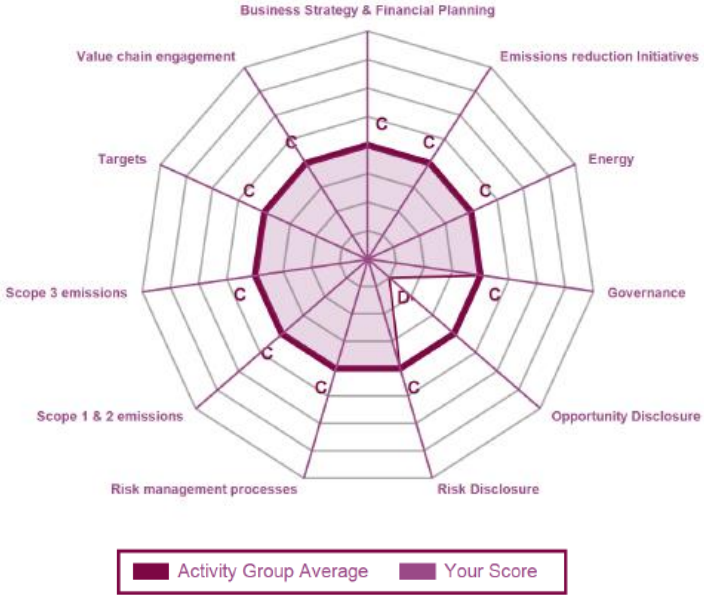
UNDERSTANDING YOUR SCORE REPORT



Preh GmbH received a C which is in the Awareness band. This is lower than the Europe regional average of B, and lower than the Electrical & electronic equipment sector average of B-.

Leadership (A/A-): *Implementing current best practices*
Management (B/B-): *Taking coordinated action on climate issues*
Awareness (C/C-): *Knowledge of impacts on, and of, climate issues*
Disclosure (D/D-): *Transparent about climate issues*

CATEGORY SCORES



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Water security – 2021

CDP DISCLOSER 2021

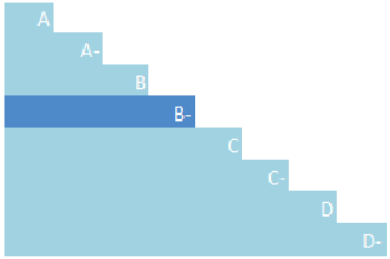
Your CDP score

B-

Average performance

B-	B	B
Electrical & electronic equipment	Europe	Global Average

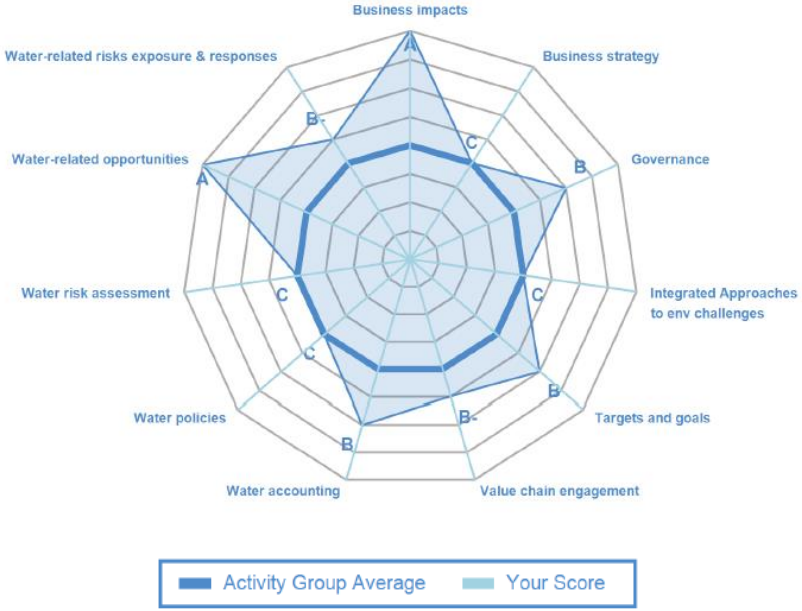
UNDERSTANDING YOUR SCORE REPORT



Preh GmbH received a B- which is in the Management band. This is lower than the Europe regional average of B, and same as the Electrical & electronic equipment sector average of B-.

Leadership (A/A-): *Implementing current best practices*
Management (B/B-): *Taking coordinated action on water issues*
Awareness (C/C-): *Knowledge of impacts on, and of, water issues*
Disclosure (D/D-): *Transparent about water issues*

CATEGORY SCORES



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BIODIVERSITY – PHYTOSANITARY MEASURES

Corporate Principles

The Preh Group commits to comply with the International Standards for Phytosanitary Measures No. 15 (ISPM 15). Therefore the Preh Group implemented internal mechanisms to ensure the compliance as described in the following based on the EHS Policy of the Preh Group:

Stage 1: Integration of the compliance obligations
External requirements will be regularly analyzed and evaluated by central and local quality functions to determine compliance obligations. The compliance obligations will be implemented into the integrated management system and employees will be trained afterwards.

Stage 2: Regular audits and legal checks
Internal system audits according to ISO 14001 will be regularly performed by the central quality functions at all production locations of the Preh Group in combination with legal compliance audits. Regular inspections will be additionally performed by the respective departments, e.g. logistics department.

Stage 3: Supply chain responsibility
All supplier of the Preh Group have to ensure the compliance with ISPM 15 for international transports according to the Preh Supplier Manual. Central and local quality functions perform on-site audits at locations of production material supplier as well as packaging material supplier.

Activities and efforts (extract):

As a global acting company we are involved in the international trade with our business partner. The implementation of phytosanitary measures is an integrated mechanism in our logistics process with the focus on wood packaging to avoid the spread of pests. Therefore all of our wood packaging for the international trade are according to the ISPM 15 (International Standard of Phytosanitary measures)

Internal Regulations

- Commitment Letter Phytosanitary measures
- Assessment – ISPM 15 Compliance
- Monitoring of potential incidents
  (monitoring of improper declared or contaminated packaging)
- Globally standardized training materials
- Certificate check and audits at wood packaging suppliers

Percentage of approved supplier according to the respective National Plant Protection Organization (NPPO)	100 %
Number of incidents with non-compliance to ISPM 15 (2021)	0

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BIODIVERSITY – PROTECTION AREA DISCLOSURE

Disclosures – Protection Areas (Saalewiesen)	
Geographic location	Bad Neustadt a. d. Saale, Germany
Surface	shell limestone (coquina)
Biodiversity value characterized by the attribute of the protected area	Terrestrial
Classification of the area	IUCN-Category IV – Habitat / Species Management Area No. NSG-00567.0

Preh company grounds	
Position in relation to protected area	adjacent
Type of operation	Administration and manufacturing
Size of manufacturing site	46.000 m²

In 2021 no negative impacts to the adjacent natural protection area (Saalewiesen) had been identified out of our business activities neither external complaints arose.

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4

BUSINESS ETHICS AND PRACTICES

PREH INTEGRITY LINE

Description:

The reputation and success of our company will be influenced by the behavior of every Preh employee. The rules defined in our Code of Conduct oblige every employee for the compliance with applicable laws, regulations and internal standards and build the framework for every employees principles of conduct.

Potential violations against applicable regulations and standards need to be detected, processed and remedied in a timely manner to prevent damages against our company, our employees and business partner. For that purpose the Preh GmbH implemented a whistleblower system, that receives concrete indications of a potential misbehavior of employees of the Preh Group.

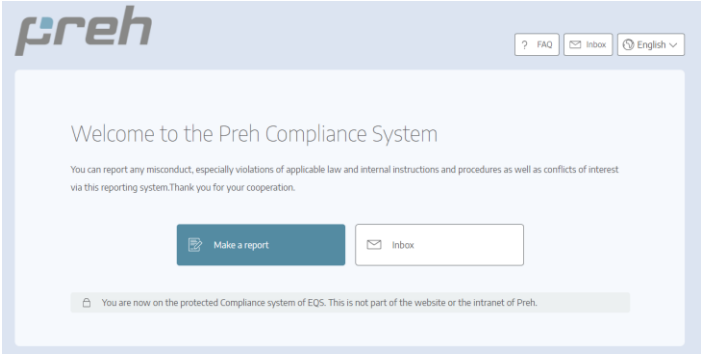
In 4th Quarter of 2021 the Preh Integrity Line had been implemented as a mechanism for advice and concerns. Thereby among others the following topics are covered by the Preh Integrity Line:

- Anti-Trust
- Information security, data protection
- Unethical behavior
- Conflict of interests
- Environment, health and safety
- Child world, forced labor

The Preh integrity activities are established to ensure equal opportunities for all employees. Internal trainings will be connected to the Preh Trainings Center to ensure that each employee is familiar with the mechanism. The Integrity Line serves as an anonymous reporting mechanism that ensures non-retaliation for the submitter.

The Preh Integrity Line is supported by the EQS Group and is available for internal and external concerns under:

https://www.preh.com/compliance



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INFORMATION SECURITY

Corporate Principles:

As part of our corporate duty of care and with regard to complying with the principles of information security, the information security policy defines our Information Security Management System.

Preh's information security protection objectives are part of the company's overall objectives. These include:

- Confidentiality: We ensure that information is only accessible to a certain group of people for which it is intended and that they handle it responsibly.
- Integrity: We ensure that information cannot be modified or that it is possible to determine reliably when alterations have been made.
- Availability: We ensure that information is available in the right place at the right time.

The aim of Preh is to protect adequately all information with respect to its need for protection over the entire life time of the information. “Adequate” means that all activities aimed at protecting the information must be based on economic considerations, measured in terms of the need for protection.

Activities and efforts of Preh (extract):

The following mechanisms have been established to ensure an adequate handling of information:

- Integration of information security organization and information security management system (ISMS)
- Establishing of an Information security policy – Preh Group
- Regular trainings for employees regarding information security and data protection
- Certification of TISAX (Trusted Information Security Assessment Exchange) for Preh Bad Neustadt
  - Information with high protection needs
  - Information with very high protection needs
  - Protection of prototype parts and components
  - Protection of prototype vehicles
- Global rollout of TISAX for other production locations in progress

Percentage of production locations with an implemented TISAX certification:	17
Percentage of relevant employees performed the Information Security Training in 2021 (headquarter Bad Neustadt)	96 (1555)

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PRODUCT CONFORMITY AND PRODUCT SAFETY

Corporate Principles:

It is our responsibility to avoid risks regarding safety, health and environment during usage of our products. Therefore, legal and regulatory requirements are considered as the minimum standard for our products. Furthermore, the understanding of the requirements of our customers is a further essential component during product development process for fulfillment of these obligations. Our ambitious standards for quality assurance and manufacturing are implemented globally by our employees from development up to the delivery of the serial product. We ensure the compliance with the requirements regarding safety, functionality, appearance and material conformity of our products by internal processes and extensive tests. Our standard gets confirmed externally by regular awards of our customers and by successful certification of our management system regarding quality, environment and occupational health and safety as well as information security.

Activities and efforts of Preh (extract):

The following mechanisms have been established to ensure product conformity and safety:

- Certification of automotive-specific quality management systems according to IATF 16949
- Material Compliance Management to ensure that restricted materials are excluded in our products
- Declaration of materials on our products (e.g. plastic components) according to VDA 260 to promote the reusability and recyclability of components at the product end-of-life. We furthermore promote the dismounting and disassembling as far as the functional product requirements allow it
- Functional Safety Assessments based on the ISO 26262 series
- Wide range of internal test methods to validate our products (e.g. surface testing, environmental testing)
- Accreditation according to ISO/IEC 17025 for among others Electromagnetic Compatibility at the location Bad Neustadt

Percentage of production locations with IATF 16949 certification:	100 %
Number of products with recalls due to impact of passenger safety	0

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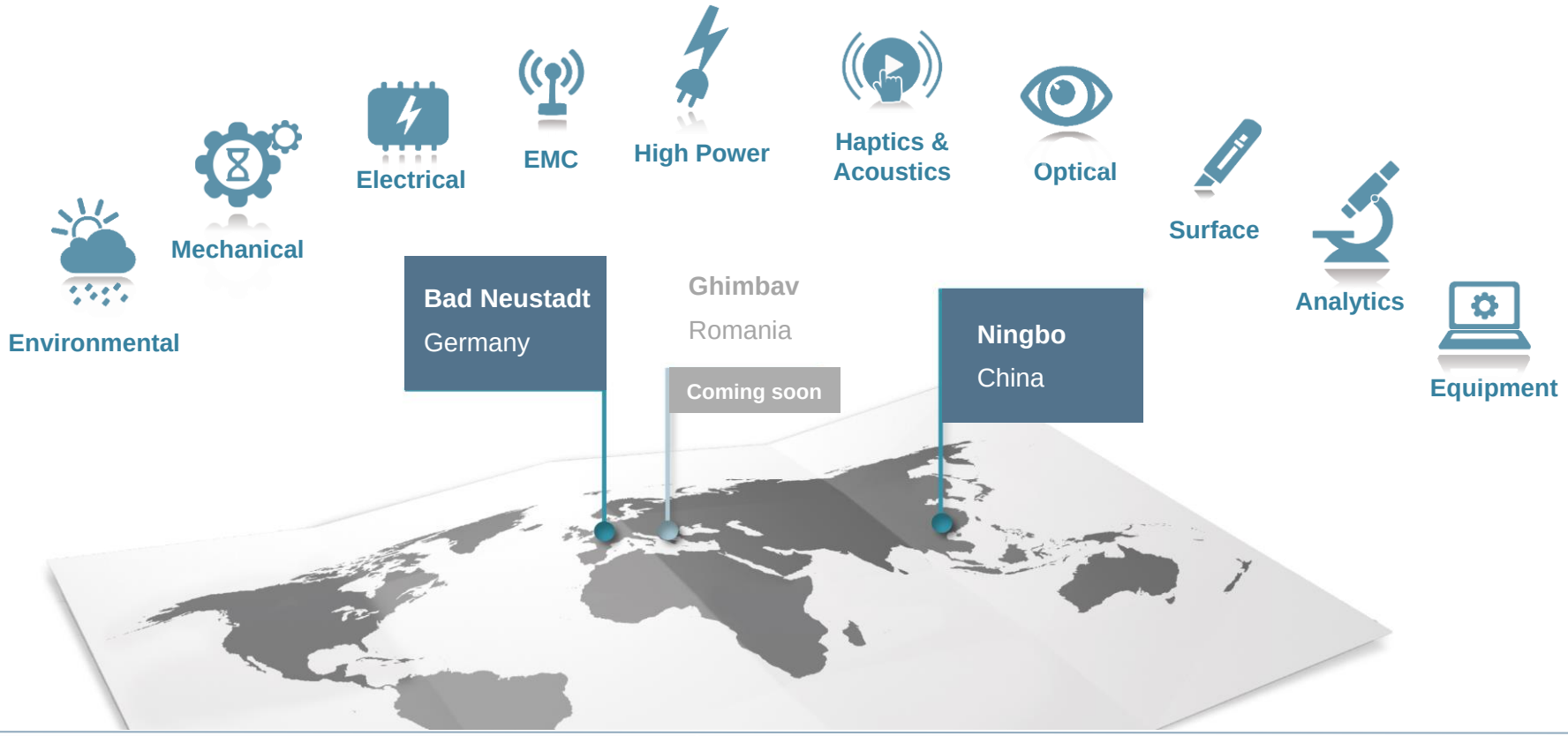
TESTING LOCATIONS AND CAPABILITIES – PREH GROUP



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ANTI-CORRUPTION – GENERAL

Corporate Principles:

In particular, every employee is obliged to observe and adhere to the rules of fair competition. This means, that employees may not enter into discussions with competitors which have the objective or effect of restricting competition. No benefits of any kind may be granted by Preh Group staff to public officials or employees of other companies, with the objective of obtaining orders or unfair advantages for the Preh Group or any other person. This is assumed to be the case in particular when the type and extent of the benefit is such that it may affect the recipient's actions and decisions in an unauthorized manner. In accordance with applicable law and our internal guidelines, courtesy gifts may be administered in line with generally accepted business practices.

Such gifts must be of a size and type that does not force the recipient into a binding obligation. Business and project-related travel expenses will only be refunded to officials and non-officials to an extent deemed appropriate. The applicable legal provisions must be observed. Gifts from business partners are, to a certain extent, in line with generally accepted business practices. However, no employee may use his/her position or function in the company to demand, accept or otherwise obtain personal benefits. Occasional gifts of low value may be accepted. Any larger gifts or other benefits granted to an employee or related persons must be refused at all times. In such cases, employees are obliged to inform their superiors about the offer of gifts or benefits.

According to our Compliance Regulation it is strictly prohibited:

- to offer, promise or grant local and foreign officials a personal benefit for providing or refraining from an official act,
- to offer, promise or grant employees or representative of local or foreign companies unlawful personal benefits,
- to have others offer bribes, for example relatives, friends, agents, consultants, planners and middlemen,
- to support unlawful acts by other persons.

The Preh Group only works with serious business partners that act in accordance with the laws and do not use any illegal financial resources.

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ANTI-CORRUPTION – PREH INTERNAL CONTROL

Activities and efforts of Preh (extract):

C-SOX (CHINESE-SARBANES-OXLEY ACT)
Internal Control is based on Sarbanes-Oxley (SOX) Act. SOX came into force in the USA in 2002 as a result of various accounting scandals. Since 2011 Preh is part of the Joyson Group with headquarter in China. All companies which are listed in the main board of the Shanghai Stock Exchange have to comply with **C-SOX**, China´s version of SOX.

SOX was designed for implementing accounting and disclosure requirements that:

- Increase transparency in corporate governance and financial reporting.
- Create a formalized system of **internal checks.**

Preh Internal Control
An internal control is any action taken by management to enhance the likelihood that established objectives and goals will be achieved

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Total number of operations assessed for risks related to corruption:	0
Percentage of operations assessed for risks related to corruption:	0
Percentage of relevant employees with performed data anti-fraud trainings in 2021 (headquarter Bad Neustadt)	93 %

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EXTERNAL RATINGS

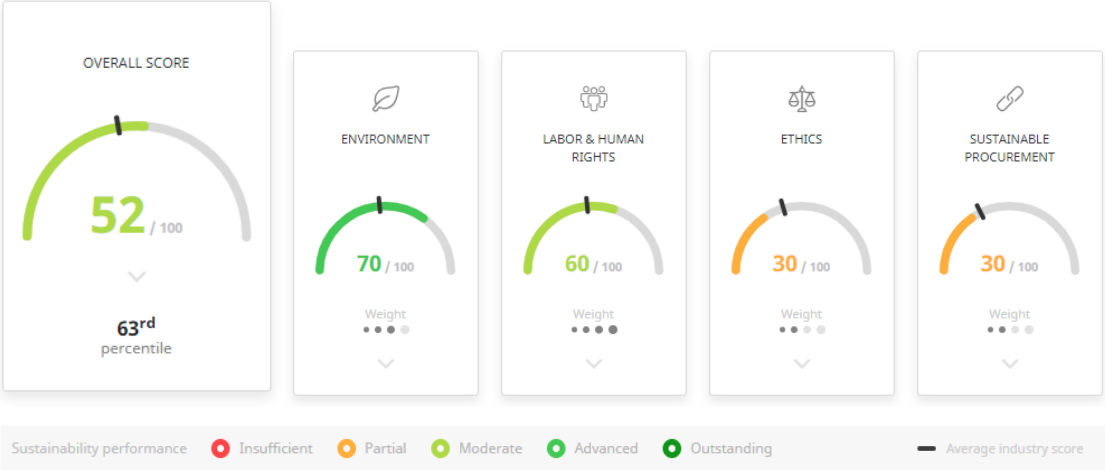
EcoVadis – ESG Rating:

Preh Group decided to join the EcoVadis platform for the benchmark in an ESG-Rating (Environmental, Social and Governance).

The EcoVadis rating is used at Preh to identify opportunities for improvement to achieve our strategic goal “Attractive Employer”.

We furthermore have also the possibility to share our progress directly to all requesting customers to demonstrate the effectiveness of our efforts to promote a sustainable acting.

The EcoVadis “Bronze” Rating is a first milestone for our further improvement of our sustainability performance.



NQC – SAQ 4.0

The NQC SAQ 4.0 (Self-Assessment Questionnaire) is a mechanism to demonstrate our automotive customers that we follow the guiding principles to improve sustainability in the automotive supply chain. The implementation and improvement of the guiding principles are an essential part for a partnership.

	Preh GmbH	Preh Thüringen	Preh Portugal	Preh Romania	Preh Mexico	Preh China
Score	91 %	91 %	90 %	91 %	91 %	91 %

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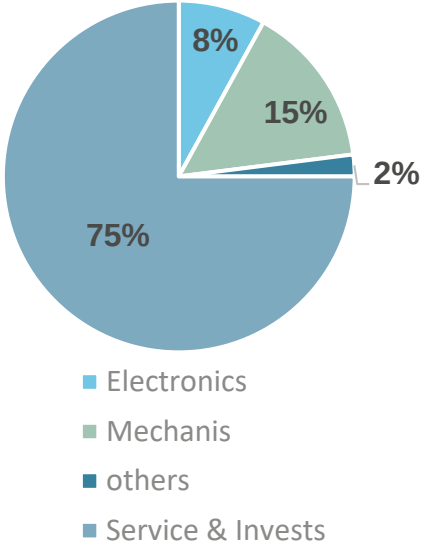
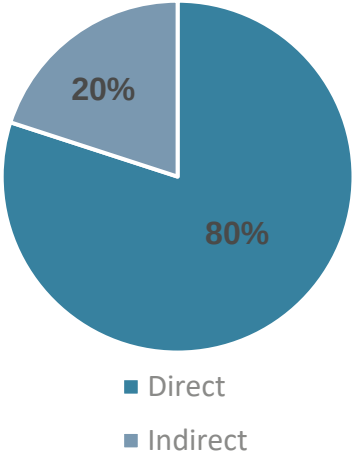
SUPPLY CHAIN ENGAGEMENT

SUPPLY CHAIN DESCRIPTION

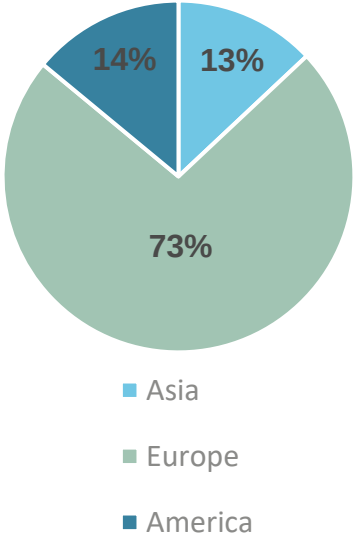
Types of active supplier engaged



Total turnover with active supplier



Geographic location of active suppliers



A reliable business relationship with our supplier and service provider is essential for our success.

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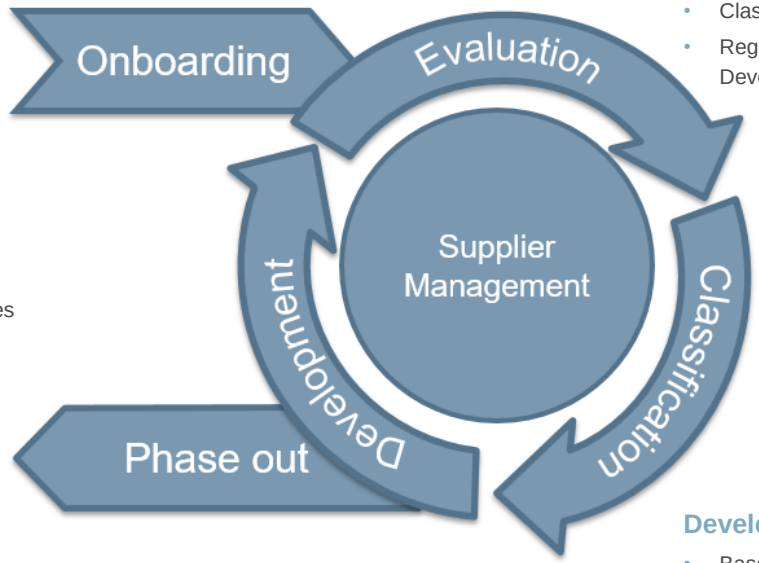
SUPPLIER MANAGEMENT

Onboarding

- Potential-Analysis acc. VDA 6.3 regarding quality issues combined with specific Preh Risk Assessment for:
  - Environment
  - Occupational Health and Safety
  - Human Rights
  - Forced and Child labor
  - Anti-Corruption & Bribery
  - Supply Chain Responsibility
- Supplier contract management (several contracts) with requirements / references to various management systems (e.g. IATF 16949 / ISO 14001 / ISO 45001)



Evaluation & Classification

- Continuous evaluation of performance of active suppliers
- Classification of suppliers
- Regular reporting to suppliers (follow up by Supplier Development)

Development

- Based on Supplier Evaluation
- Based on event driven issues
- Case specific actions (e.g. trainings, audits, …)
- If required initiate escalation/phase out procedure

Escalation & Phase out

- Escalation acc. defined escalation procedure (escalation levels)
- Depending on result return to daily business (de-escalation) or NBOH (no new business) up to Supplier phase out

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SUSTAINABLE PROCUREMENT MECHANISMS

Management approach:

In a global supply chain, countries show a wide range of development in environmental protection, social conditions and the respect of human rights. Various country risk indices serve as a valuable basis for supplier selection as well as the basis for the focus of the CSR rating during potential analysis of new supplier locations. Thereby we cover the essential topics environmental protection, respect for human rights and working conditions.

All countries that represent active supplier are regularly reviewed regarding the development of the following internationally comparable indices:

- Global Slavery Index (Walk Free Foundation)
- ITUC Global Rights Index (International Trade Union Foundation)
- Environmental Performance Index (Yale Center for Environmental Law & Policy)
- Human Development Index (United Nations Development Programme)

Due Dilligences for Procurement Country - Risk Indices status: 08.04.2022			Global Slavery Index	ITUC Global Rights Index	Environmental Performacne Index	Human Development Index
Turnover [Percentage]	Country	Number Active direct suppliers	Vulnerability to modern slavery	Index	Score	Index
0.2%	Belgium	29	13.05 | 100	3 Regular violations of rights	73.3	0.931 (very high)
0.0%	Bulgaria	1	31.34 | 100	3 Regular violations of rights	57	0.816 (very high)
0.0%	Denmark	10	1.00 | 100	1 Sporadic violations of rights	82.5	0.940 (very high)
43.2%	Germany	8213	10.44 | 100	1 Sporadic violations of rights	77.2	0.947 (very high)
0.0%	Finland	6	8.23 | 100	1 Sporadic violations of rights	78.9	0.938 (very high)
0.2%	France	49	15.25 | 100	2 Repeated violations of rights	80.0	0.901 (very high)
0.0%	Greece	2	37.13 | 100	4 Systematic violations of rights	69.1	0.888 (very high)
0.8%	Britain	82	11.13 | 100	3 Regular violations of rights	81.3	0.932 (very high)
1.3%	Ireland	15	10.35 | 100	1 Sporadic violations of rights	72.8	0.955 (very high)
0.1%	Italy	33	28.29 | 100	1 Sporadic violations of rights	71.0	0.892 (very high)
0.0%	Liechtenstein	2	not listed	not listed	not listed	0.919 (very high)
0.0%	Lithuania	1	26.17 | 100	2 Repeated violations of rights	62.9	0.882 (very high)
0.0%	Luxembourg	4	8.40 | 100	not listed	82.3	0.916 (very high)
0.0%	Malta	1	0.00 | 100	not listed	70.7	0.895 (very high)
0.1%	Macedonia	1	45.60 | 100	3 Regular violations of rights	55.4	0.774 (high)
0.0%	Monaco	1	not listed	not listed	not listed	not listed
3.2%	Netherlands	47	6.11 | 100	1 Sporadic violations of rights	75.3	0.944 (very high)
0.1%	Norway	1	4.51 | 100	1 Sporadic violations of rights	77.7	0.957 (very high)
1.4%	Austria	67	3.35 | 100	1 Sporadic violations of rights	79.6	0.922 (very high)
10.8%	Poland	11	24.39 | 100	3 Regular violations of rights	60.9	0.880 (very high)
3.7%	Portugal	53	8.49 | 100	2 Repeated violations of rights	67	0.864 (very high)

Europe

Activities and efforts of Preh (extract):

The development of our supply chain is an essential key for business success. Sustainable procurement has a significant impact for our production process. We implemented the following internal mechanisms

- Establishing of CSR Risks assessment for Supplier (Focus: Environmental, Social and Governance)
- Implementation of CSR Guidelines for global Supplier Quality Developers
- Regular supplier evaluation (based on internal evaluation scheme)
- Conflict Minerals Reporting and Cobalt Reporting
- Consideration of EHS-related management system certificates at regular supplier evaluation

Number of performed CSR Risk Assessments (Potential Analysis) – 2021	41
Supplier identified with significant risks to incidents of human rights violations (out of performed CSR Risk Assessments)	0
Percentage of suppliers with ISO 14001 Certificate (out of turnover related core supplier) 2021	38
Percentage of suppliers with ISO 45001 Certificate (out of turnover related core supplier) 2021	18

CSR = Corporate Social Responsibility

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RESPONSIBLE SOURCING OF MINERALS

Corporate Principles

While Preh does not source any Conflict Minerals from the DRC and the Covered Countries directly, such Conflict Materials may exist in the products, materials and components that the Preh Group sources from its suppliers. Preh is committed to engage its suppliers for a responsible sourcing of the materials and components Preh processes in its products.

Preh is committed to the Conflict Minerals reporting requirements of our customers prior to the deadlines. Preh is working with suppliers to perform the necessary due diligence in determining the potential for Conflict Minerals in our supply chain.

Number of identified 3TG smelters in 2021	234
Percentage of smelters compliant to Responsible Minerals Initiative	100
Disclosure rate of supply chain 3TG [%]	67

Activities and efforts of Preh (extract):

Our Responsible Sourcing Policy serves as commitment between Supplier and Preh to identify the origin of Conflict Minerals. Preh is evaluating the origin of 3TG with the Conflict Minerals Reporting Template and submits the information to requesting customers to ensure the compliant sourcing throughout our value chain.

For the involvement of our supply chain we established among others the following contractual documentation:

- Master Supply Contract
- Supplier Code of Conduct
- Responsible Sourcing Policy Preh

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PASSION
FOR
EXCELLENCE

6

ANNEX:

DISCLOSURES

Standard
GRI 102: General Disclosures

GRI 102: Organization profile 2016			
	Disclosure	**Page**	**Omission**
102-1	Name of the organization	9	Preh Group
102-2	Activities, brands, products, and services	11-13	Preh Group
102-3	Location of headquarters	9	Preh Group
102-4	Location of operations	9	Preh Group
102-5	Ownership and legal form	7	Preh Group
102-6	Markets served	9	Preh Group
102-7	Scale of the organization	8	Preh Group
102-8	Information on employees and other workers	8	Preh Group
102-9	Supply chain	59	Preh Group
102-10	Significant changes to the organization and its supply chain	59	Preh Group
102-11	Precautionary Principle or approach	-	
102-12	External initiatives	-	
102-13	Membership of associations	No information on parental level – memberships are coordinated on local level	

GRI 102: Strategy 2016			
	Disclosure	**Page**	**Omission**
102-14	Statement from senior decision-maker	2	Preh Group
102-15	Key impacts, risks, and opportunities	2	Preh Group

GRI 102: Ethics and integrity 2016			
	Disclosure	**Page**	**Omission**
102-16	Values, principles, standards, and norms of behavior	15-19	Preh Group
102-17	Mechanisms for advice and concerns about ethics	51	Preh Group

GRI 102: Governance 2016			
	Disclosure	**Page**	**Omission**
102-18	Governance structure	No information	
102-19	Delegating authority	No information	
102-20	Executive-level responsibility for economic, environmental, and social topics	2	Preh Group
102-21	Consulting stakeholders on economic, environmental, and social topics	20	Preh Group
102-22	Composition of the highest governance body and its Committees	2	Preh Group
102-23	Chair of the highest governance body	2	Preh Group
102-24	Nominating and selecting the highest governance body	No information	
102-25	Conflicts of interest	No information	
102-26	Role of highest governance body in setting purpose, values, and strategy	2	Preh Group

102-27	Collective knowledge of highest governance body	No information
102-28	Evaluating the highest governance body's performance	No information
102-29	Identifying and managing economic, environmental, and social impacts	No information
102-30	Effectiveness of risk management processes	No information
102-31	Review of economic, environmental, and social topics	No information
102-32	Highest governance body's role in sustainability reporting	No information
102-33	Communicating critical concerns	No information
102-34	Nature and total number of critical concerns	No information
102-35	Remuneration policies	No information
102-36	Process for determining remuneration	No information
102-37	Stakeholders' involvement in remuneration	No information
102-38	Annual total compensation ratio	No information
102-39	Percentage increase in annual total compensation ratio	No information

GRI 102: Stakeholder engagement 2016

	Disclosure	Page	Omission
102-40	List of stakeholder groups	20	Preh Group
102-41	Collective bargaining agreements	26	Preh GmbH
102-42	Identifying and selecting stakeholders	20	Preh Group
102-43	Approach to stakeholder engagement	20	Preh Group
102-44	Key topics and concerns raised	No information	

GRI 102: Reporting practice 2016

	Disclosure	Page	Omission
102-45	Entities included in the consolidated financial statements	Separately reported in financial report	
102-46	Defining report content and topic Boundaries	21	Preh Group
102-47	List of material topics	22	Preh Group
102-48	Restatements of information	21	Preh Group
102-49	Changes in reporting	21	Preh Group
102-50	Reporting period	21	Preh Group
102-51	Date of most recent report	21	Preh Group
102-52	Reporting cycle	21	Preh Group
102-53	Contact point for questions regarding the report	21	Preh Group
102-54	Claims of reporting in accordance with the GRI Standards	21	Preh Group
102-55	GRI content index	65	Preh Group
102-56	External initiatives	-	No information

GRI 200: Economic

GRI 201: Materials **2016**

Disclosure	Page	Omission

103-1	Explanation of the material topic and its Boundary		No information
103-2	The management approach and its components		No information
103-3	Evaluation of the management approach		No information
201-1	Direct economic value generated and distributed		No information
201-2	Financial implications and other risks and opportunities due to climate change		No information
201-3	Defined benefit plan obligations and other retirement plans		No information
201-4	Financial assistance received from government		No information

GRI 202: Market Presence **2016**

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary		No information
103-2	The management approach and its components		No information
103-3	Evaluation of the management approach		No information
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		No information
201-2	Proportion of senior management hired from the local community		No information

GRI 203: Indirect Economic Impacts **2016**

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary		No information
103-2	The management approach and its components		No information
103-3	Evaluation of the management approach		No information
203-1	Infrastructure investments and services supported		No information
203-2	Significant indirect economic impacts		No information

GRI 204: Procurement Practices **2016**

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary		No information
103-2	The management approach and its components		No information
103-3	Evaluation of the management approach		No information
203-1	Proportion of spending on local suppliers		No information

GRI 205: Anti-Corruption 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	55-56	Preh Group
103-2	The management approach and its components	55-56	Preh Group

103-3	Evaluation of the management approach	55-56	Preh Group
205-1	Operations assessed for risks related to corruption	56	Preh Group
205-2	Communication and training about anti-corruption policies and procedures	56	Preh GmbH
205-3	Confirmed incidents of corruption and actions taken	56	Preh Group

GRI 206: Anti-Competitive Behavior 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	No reporting mechanism	
103-2	The management approach and its components	No reporting mechanism	
103-3	Evaluation of the management approach	No reporting mechanism	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No reporting mechanism	

GRI 207: Tax 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	Separately reported in financial report	
103-2	The management approach and its components	Separately reported in financial report	
103-3	Evaluation of the management approach	Separately reported in financial report	
207-1	Approach to tax	Separately reported in financial report	
207-2	Tax governance, control, and risk management	Separately reported in financial report	
207-3	Stakeholder engagement and management of concerns related to tax	Separately reported in financial report	

GRI 300: Environmental

GRI 301: Materials 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	Reporting mechanism in progress	
103-2	The management approach and its components	Reporting mechanism in progress	
103-3	Evaluation of the management approach	Reporting mechanism in progress	
301-1	Materials used by weight or volume	Reporting mechanism in progress	
301-2	Recycled input materials used	38	Preh Portugal
301-3	Reclaimed products and their packaging materials	Identified as not applicable	

GRI 302: Energy 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	41	Preh Group
103-2	The management approach and its components	41	Preh Group

103-3	Evaluation of the management approach	41	Preh Group
302-1	Energy consumption within the organization	42	Preh Group
302-2	Energy consumption outside of the organization	Reporting mechanism in progress	
302-3	Energy intensity	42	Preh Group
302-4	Reduction of energy consumption	42	Preh Group
302-5	Reductions in energy requirements of products and services	No information	

GRI 303: Water and Effluents 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	39	Preh Group
103-2	The management approach and its components	39	Preh Group
103-3	Evaluation of the management approach	39	Preh Group
303-1	Interactions with water as a shared resource	39	Preh Group
303-2	Management of water discharge-related impacts	39	Preh Group
303-3	Water withdrawal	39	Preh Group
303-4	Water discharge	39	Preh Group
303-5	Water consumption	39	Preh Group

GRI 304: Biodiversity 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	48	Preh Group
103-2	The management approach and its components	48	Preh Group
103-3	Evaluation of the management approach	48	Preh Group
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	49	Preh GmbH
304-2	Significant impacts of activities, products, and services on biodiversity	49	Preh GmbH
304-3	Habitats protected or restored	Identified as not applicable	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Identified as not applicable	

GRI 305: Emission 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	41-42	Preh Group
103-2	The management approach and its components	41-42	Preh Group
103-3	Evaluation of the management approach	41-42	Preh Group
305-1	Direct (Scope 1) GHG emissions	42	Preh Group
305-2	Energy indirect (Scope 2) GHG emissions	42	Preh Group

305-3	Other indirect (Scope 3) GHG emissions	42	Preh Group
305-4	GHG emissions intensity	41	Preh Group
305-5	Reduction of GHG emissions	43	Preh Group
305-6	Emissions of ozone-depleting substances (ODS)	No reporting mechanism implemented	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	No reporting mechanism implemented	

GRI 306: Effluents and waste 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	36	Preh Group
103-2	The management approach and its components	36	Preh Group
103-3	Evaluation of the management approach	36	Preh Group
306-1	Water discharge by quality and destination	39	Preh Group
306-2	Waste by type and disposal method	37	Preh Group
306-3	Significant spills	Not identified in the reporting year	
306-4	Transport of hazardous waste	37	Preh Group
306-5	Water bodies affected by water discharges and/or runoff	Identified as not applicable	

GRI 307: Environmental Compliance 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	35	Preh Group
103-2	The management approach and its components	35	Preh Group
103-3	Evaluation of the management approach	35	Preh Group
307-1	Non-compliance with environmental laws and regulations	35	No violations occurred in the reporting year.

GRI 308: Supplier Environmental Assessment 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	60-61	Preh Group
103-2	The management approach and its components	60-61	Preh Group
103-3	Evaluation of the management approach	60-61	Preh Group
308-1	New suppliers that were screened using environmental criteria	61	Preh Group
308-2	Negative environmental impacts in the supply chain and actions taken	Not identified	

GRI 400: Social

GRI 401: Employment 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25-26	Preh Group
103-2	The management approach and its components	25-26	Preh Group

103-3	Evaluation of the management approach		No information
401-1	New employee hires and employee turnover		No information
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		No information
401-3	Parental leave		No information

GRI 402: Labor Management Relations 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary		Not reported
103-2	The management approach and its components		Not reported
103-3	Evaluation of the management approach		Not reported
402-1	Minimum notice periods regarding operational changes		Not reported

GRI 403: Occupational Health and Safety 2018

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	28	Preh Group
103-2	The management approach and its components	28	Preh Group
103-3	Evaluation of the management approach	28	Preh Group
403-1	Occupational health and safety management system	29	Preh Group
403-2	Hazard identification, risk assessment, and incident investigation	30	Preh Group
403-3	Occupational health services	29	Preh Group
403-4	Worker participation, consultation, and communication on occupational health and safety	29	Preh Group
403-5	Worker training on occupational health and safety	29	Preh Group
403-6	Promotion of worker health	29. 31	Preh Group
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29-31	Preh Group
403-8	Workers covered by an occupational health and safety management system	29	Preh Group
403-9	Work-related injuries	28	Preh Group
403-10	Work-related ill health		No information

GRI 404: Training and Education 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25-27	Preh Group
103-2	The management approach and its components	25-27	Preh Group
103-3	Evaluation of the management approach	25-27	Preh Group

404-1	Average hours of training per year per employee	No information	
404-2	Programs for upgrading employee skills and transition assistance programs	27	Preh Group
404-3	Percentage of employees receiving regular performance and career development reviews	27	Preh Group

GRI 405: Diversity and Equal Opportunity 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25-26	Preh Group
103-2	The management approach and its components	25-26	Preh Group
103-3	Evaluation of the management approach	25-26	Preh Group
405-1	Diversity of governance bodies and employees	26	Preh Group
405-2	Ratio of basic salary and remuneration of women to men	No information	

GRI 406: Non-Discrimination 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25-26	Preh Group
103-2	The management approach and its components	25-26	Preh Group
103-3	Evaluation of the management approach	25-26	Preh Group
406-1	Incidents of discrimination and corrective actions taken	No reporting mechanism implemented	

GRI 407: Freedom of Association and Collective Bargaining 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25-26	Preh Group
103-2	The management approach and its components	25-26	Preh Group
103-3	Evaluation of the management approach	25-26	Preh Group
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	61	Preh Group

GRI 408: Child Labor 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25-26	Preh Group
103-2	The management approach and its components	25-26	Preh Group
103-3	Evaluation of the management approach	25-26	Preh Group
408-1	Operations and suppliers at significant risk for incidents of child labor	61	Preh Group

GRI 409: Forced or compulsory labor 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25-26	Preh Group
103-2	The management approach and its components	25-26	Preh Group
103-3	Evaluation of the management approach	25-26	Preh Group
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	61	Preh Group

GRI 410: Security practices 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	Identified as not applicable	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
410-1	Security personnel trained in human rights policies or procedures		

GRI 411: Rights of indigenous people 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	Identified as not applicable	
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
411-1	Incidents of violations involving rights of indigenous peoples		

GRI 412: Human Rights Assessment 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	25	Preh Group
103-2	The management approach and its components	25	Preh Group
103-3	Evaluation of the management approach	25	Preh Group
412-1	Operations that have been subject to human rights reviews or impact assessments	No reporting mechanism implemented	
412-2	Employee training on human rights policies or procedures	27	Preh GmbH
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	No reporting mechanism implemented	

GRI 413: Local Communities 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	No information	
103-2	The management approach and its components	No information	
103-3	Evaluation of the management approach	No information	

413-1	Operations with local community engagement, impact	No information	
413-2	Operations with significant actual and potential negative impacts on local communities	No information	

GRI 414: Supplier Social Assessment 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	60-61	Preh Group
103-2	The management approach and its components	60-61	Preh Group
103-3	Evaluation of the management approach	60-61	Preh Group
414-1	New suppliers that were screened using social criteria	60-61	Preh Group
414-2	Negative social impacts in the supply chain and actions taken	60-61	Preh Group

GRI 415: Public Policy 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	No information	
103-2	The management approach and its components	No information	
103-3	Evaluation of the management approach	No information	
415-1	Political contributions	No information	

GRI 416: Customer Health and Safety 2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	53	Preh Group
103-2	The management approach and its components	53	Preh Group
103-3	Evaluation of the management approach	53	Preh Group
416-1	Assessment of the health and safety impacts of product and service categories	53	Preh Group
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	53	Preh Group

GRI 417: Marketing and Labeling2016

	Disclosure	Page	Omission
103-1	Explanation of the material topic and its Boundary	No information	
103-2	The management approach and its components	No information	
103-3	Evaluation of the management approach	No information	
417-1	Requirements for product and service information and labeling	No information	
417-2	Incidents of non-compliance concerning product and service information and labeling	No information	

417-3	Incidents of non-compliance concerning marketing communications	No information	

GRI 418: Customer Privacy 2016			
	Disclosure	**Page**	**Omission**
103-1	Explanation of the material topic and its Boundary	52	Preh Group
103-2	The management approach and its components	52	Preh Group
103-3	Evaluation of the management approach	52	Preh Group
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	52	Preh Group

GRI 419: Socioeconomic Compliance 2016			
	Disclosure	**Page**	**Omission**
103-1	Explanation of the material topic and its Boundary	51	Preh Group
103-2	The management approach and its components	51	Preh Group
103-3	Evaluation of the management approach	51	Preh Group
419-1	Non-compliance with laws and regulations in the social and economic area	Reporting mechanism in progress	