



DIEHL

SUSTAINABILITY REPORT 2023

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1 STATEMENT OF THE EXECUTIVE BOARD

Dear Sir or Madam, dear colleagues,

The importance of sustainability for technology companies has further increased. Despite the various difficult environmental conditions that continue to prevail, challenges such as climate change and scarcity of resources are driving forces for a rethinking and innovative solutions. Such a change of perspective is necessary to preserve our natural resources and to ensure global prosperity and the long-term future of modern industrialized societies. Being an internationally operating company, we at Diehl consider it our responsibility to contribute to the accomplishment of these common tasks.

Sustainable business practices not only constitute an obligation but are also an important factor in ensuring the long-term economic success and future viability of our company. By integrating sustainable practices into our business strategy, we are able to minimize risks, develop new business opportunities and strengthen the trust of our customers and stakeholders.

Last year, we demonstrated our commitment once again. In future, our efforts will be supported by a materiality assessment to identify the most important areas and effectively improve the impact of our business activities. This has led to the following strategic priorities for our sustainability activities:

- Climate change
- Protection of health and safety
- Equal treatment and equal opportunities and
- Business conduct.

The newly established Energy Consulting Team of experts has elaborated a green power strategy together with the energy procurement team and successfully concluded the first power purchase agreements (PPAs). Furthermore, efforts were made to establish a standardized charging infrastructure, and at the Überlingen site, an 800 m² photovoltaic system was installed.

At our German Diehl Metall sites, we have further strengthened the safety culture and successfully certified the occupational safety management system according to DIN EN ISO 45001. Another important aspect of our corporate culture is the fair and trusting work relationship with our employees. We have established a group-wide human rights organization, provide appropriate training and carry out regular risk assessments.

Aside from reducing the impact of our own business activities, we are making targeted investments in technologies and solutions that support sustainable social transformation. These include innovative products and technologies such as smart meter networks, light-weight components to save kerosene and CO₂ in aviation, efficient power electronics for heat pumps, new solutions in the field of battery technology, and system solutions in the field of air defense.

At Diehl, product development is seen as a central area in which contributions can be made to a sustainable future. Thanks to its ecodesign strategy applied to the latest generation of the ALTAIR V5 water meter, the Diehl Metering Corporate Division was able to significantly reduce environmental pollution, among other things, by reducing weight and lowering product-related emissions by 54%.

This progress is the result of our ongoing commitment and demonstrates our efforts to have a positive impact on society and the environment. It is our firm intention to continue along this path, to make our contribution to a future worth living and to further combine tradition with innovation.

The Executive Board of the Diehl Group





2 GENERAL INFORMATION

2 GENERAL INFORMATION

2.1 THE REPORT

The present sustainability report for the 2023 fiscal year provides a comprehensive overview of the most important sustainability activities, achievements and results of the Diehl Group in the 2023 calendar year.

This report covers the period from January 1, 2023 to December 31, 2023 (cut-off date). The reporting on the material topics follows the European Sustainability Reporting Standards and the Global Reporting Initiative (GRI). It takes into account all material domestic and foreign affiliates of the Diehl Group.

This sustainability report documents the progress made by the Diehl Group in the areas of environment, social and governance. At Diehl, we are striving for transparency to provide stakeholders with important information and to communicate the company's achievements, as well as future priorities. These are distinguished by a comprehensive materiality assessment. The key figures and ratios are as on the reporting date of December 31, 2023. Any deviations are noted accordingly. The report includes forward-looking statements based on current assumptions and expectations. Please note that actual results may differ from those predicted, depending on changes in circumstances or other influences. The Diehl Group does not intend, and does not assume any obligation, to update forward-looking statements to new events or developments after the date of this report.

The sustainability report for the 2023 fiscal year has been examined by the Supervisory Board of the Diehl Group. An external review has not been carried out.

For reasons of better readability, we use the masculine and/or the feminine form (so-called generic masculine/feminine) in documents and publications, for example for terms such as "the customer" or "the employees". In general, all genders are always treated equally. This abbreviated linguistic form is purely for editorial reasons and entirely non-judgmental.



THE DIEHL GROUP AT A GLANCE



17,000+
EMPLOYEES



3,883
MIO € SALES



5
CORPORATE DIVISIONS



343
MIO € R&D



15,000+
SUPPLIERS



230
MIO € INVESTMENTS



100%
FAMILY-OWNED



122
YEARS OF COMPANY HISTORY



2.2 THE DIEHL GROUP AT A GLANCE

- **The Diehl Group is a family-run, international technology company with its corporate divisions Metall, Controls, Defence, Aviation and Metering**
- **Worldwide more than 17,000 employees at over 90 sites**

Diehl is a financially independent and legally autonomous family-run company with a long tradition dating back to 1902. The wide-ranging product portfolio includes different business fields in various industrial sectors, resulting in a correspondingly large international customer base for the Group. Diehl is known for quality and technology leadership as the company conducts research and development close to the market and designs its products in close cooperation with customers. In this context, Diehl places great value on a long-term cooperation with its business partners. In 2023, the Group generated a turnover of around 3.9 billion euros.

Diehl has established itself as a supplier of innovative solutions in various industrial sectors. In this respect, Diehl strives to always be one of the leading companies in the relevant fields of activity in order to help shape the respective markets. The five corporate divisions with their focus on different industries increase the chance of balancing out economic fluctuations and thus help to ensure that Diehl remains a secure employer for its employees. To maintain

these standards in the future, solid and sustainable action is of great importance to the Diehl Group and forms an integral part of the corporate strategy. Diehl firmly believes that defense and sustainability are not conflicting concepts, but rather mutually dependent. In this context, a safe and stable society lays the foundation for ensuring the global transformation towards a more sustainable world. Without security, there is no sustainability. The Diehl Group's guiding principle "Leading technologies for a secure and sustainable future" consistently and clearly reflects this dual mission of our company. It is with this continuity that Diehl dedicates itself to different sectors:

The **Diehl Metall** Corporate Division is a leading metal processor and well-known as an important supplier for the automotive industry.

The strategic business segment Diehl Brass Solutions has repeatedly proven to be a pioneer in consumer protection by developing and producing modern, lead-free brass materials with a high recycling rate and significant CO₂ reduction. Hence, in a further step of the process chain, the brass housings for intelligent water meters from the strategic business segment Diehl Metal Forgings also contribute significantly to a sustainable future.

Diehl Metal Applications contributes to the development and expansion of sustainable drive technologies with its eSolutions and electrification products. Electroplating companies take special responsibility for environmental protection, for example, by operating the most modern water treatment plants.

Diehl Advanced Mobility provides a core element for alternative mobility with its cell contact system, which is used in hybrid and battery-powered automobiles. The focus on sustainable mobility forms an integral part of the business model of Diehl Metall.

Diehl Controls is a leading manufacturer of electronics and controls elements for household appliances, also known as white goods. Additionally, Diehl Controls is engaged in the future market of heat pumps, particularly with state-of-the-art inverter technology. The aim of the corporate division is to offer highly efficient technology products in the fields of power electronics and control engineering worldwide, in order to contribute significantly to the sustainability of its customers' products. Diehl Controls' efficiency-optimized inverters not only conserve resources for household appliances, but are also a key technology for heat pumps, contributing to the energy transition.

Furthermore, Diehl Controls is seeking to achieve strong growth in the field of industrial electronics. Efficient, safe and intelligent control systems for industrial applications play an important role within the energy transition. The company has already been committed to sustainability in the product development process by incorporating principles of ecodesign with the aim of integrating environmental aspects into product design.

Diehl Defence is an important player in the field of national and international security. Being part of the Diehl Group, Diehl Defence focuses on the Group's defense business. In particular, the focus lies on guided missiles, smart munitions and ground-based air defence systems.

The sustainability activities of Diehl Defence emphasize the importance of self-defense for the preservation of liberal values and peace. Particularly in view of the new global security situation, defense industry products play an important strategic role. The Diehl Defence Corporate Division is preparing for an increase in demand. In this context, systems such as the effective IRIS-T SLM air defence system, currently in service in the Ukraine, play a central role in protecting the civilian population as well as critical infrastructure.

Diehl Aviation offers a wide range of products for the aviation sector. The portfolio covers cabin interior components such as lighting systems, on-board toilets and avionics systems such as aircraft control. The company attaches great importance to the sustainability of its products and is a specialist in the field of lightweight construction.

In the development of new products, Diehl Aviation consistently focuses on weight savings from the outset. One example is the use of extremely lightweight materials such as particle foam in air vents for air conditioning. Other weight-saving features include the ECO Grey Water Reuse System in the on-board toilets, which treats used water from the hand basin and reuses it to flush the toilet. By doing so, the consumption of fresh water is reduced, and consequently the aircraft's kerosene consumption and CO₂ emissions.

The expertise of Diehl Aviation in lightweight construction is also applied in the field of advanced air mobility, in particular in safety-critical systems such as flight control, cabin interior and integrated modular avionics. The company is helping to make new aircraft lighter and thus reduce their emissions by reducing the weight of both the cabin and system components.

Furthermore, Diehl cooperates with aircraft manufacturers, airlines, suppliers and partners in national, European and international research projects to develop solutions for a resource-efficient aviation.

Diehl Metering is specialized in the production of meters and digital solutions for measurement technology. The company's technology allows the provision of comprehensive consumption data via IoT networks. Such data are becoming increasingly important for customers to manage their energy consumption and improve their sustainability performance.

Diehl Metering has always offered solutions designed to help people use the planet's natural resources more efficiently. As one of the world's leading providers in the development, manufacture and supply of smart meters in the areas of water, heating and cooling, the entire portfolio is geared towards creating sustainable value.

High-precision smart meters, data-based insights, IoT connectivity, open software solutions and seamless smart metering systems empower utilities, municipalities and industry to better control their infrastructures and make water and energy management more efficient and sustainable. Particularly in these times of increasingly scarce resources, Diehl Metering is making an important contribution to achieving our society's sustainability goals.



Learn more
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2.3 ORGANIZATIONAL STRUCTURE AND SUSTAINABILITY MANAGEMENT

- **Sustainability is associated to the areas of responsibility of the Presidents of the Division Boards**
- **Establishment of the sustainability organization in the various functional areas of the Group and commencement of the implementation of a tool-based sustainability reporting**

Diehl – Tradition and future: Founded in 1902, the family-run Diehl company has been constantly changing and evolving throughout its 120-year history. It is part of the company's DNA to always keep an eye on the future in addition to living tradition. The company's sustainable and long-term success as well as a responsible management have always been the focus of its business activities.

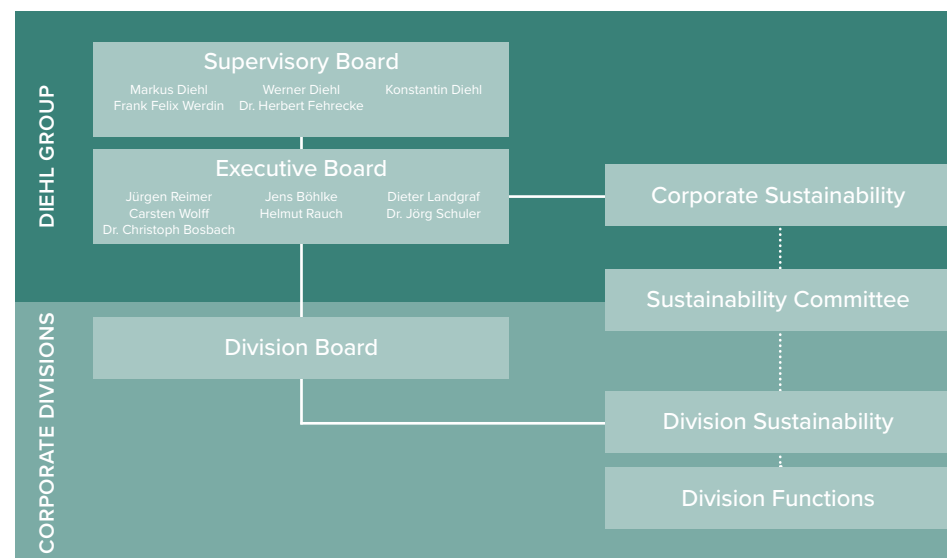
The Diehl Group consists of a strategic management holding company and five independent corporate divisions. Aligned with the requirements of the market and customers, they manage their respective businesses in their specific product and technology segments both operationally and strategically.

The Supervisory Board serves a supervisory and advisory function. The Members of the Executive Board are both appointed and dismissed by the Supervisory Board.

The Supervisory Board determines and approves the long-term strategic direction and management principles of the family-run company. Strategic planning plays a key role in the management of the Group.

In this context of strategy development and implementation, the Executive Board and Supervisory Board jointly define the scope of the sustainability strategy. Sustainability forms a central part of our corporate strategy and constitutes an important management task.

Sustainability organization¹⁾



1) Organization status as of 01.08.2024

In order to effectively coordinate sustainability activities at group-level, a Corporate Sustainability Team has been established. The Corporate Sustainability Department is directly associated to the CEO and collaboratively linked with the strategy department at group-level. Key responsibilities are the further development of sustainability management in the Diehl Group, the definition of a sustainability strategy for the entire company and compliance with regulatory reporting requirements. It focuses on group-wide solutions, targets and frameworks.

Whereas comprehensive solutions are specified centrally, the operational implementation of sustainability-related topics is performed on a decentralized basis within the various functions and corporate divisions of the Group. Each corporate division establishes its own sustainability strategy within the framework provided, sets targets for sustainable development and monitors the progress of the corresponding implementation programs. This is carried out in consultation with the sustainability managers in the corporate divisions. They coordinate the sustainability network within the respective corporate division. It consists of representatives from all business segments, functions and regions – adapted and structured according to the requirements of the respective corporate division.

The Executive Board and Supervisory Board are regularly informed about current developments by the Head of Sustainability. Sustainability-related risks and opportunities are incorporated into the strategy and risk management process. The progress made towards achieving sustainability targets is relevant to remuneration for the Members of the Executive Board.

Ratings and rankings

To make the sustainability efforts of the Diehl Group measurable, we use external ratings and rankings. Correspondingly, last year, several corporate divisions participated in such programs:

In the reporting year, the CDP rating was completed by the Metall and Controls Corporate Divisions receiving a “B” rating, while Aviation received a “B-” rating.

In addition, the Metall and Metering Corporate Divisions took part in the EcoVadis ranking. Metering in total achieved the best result of all sites, receiving bronze status. We are particularly proud of the metering site in Saint-Louis, which has received the gold status. The German sites of the strategic business segments Metall Applications, Brass Solutions and Metall Forgings of the Metall Corporate Division received the silver ranking. The Metall Forgings sites in China and India received the bronze status.

Diehl is striving to continuously improve its sustainability performance and to reflect corresponding developments with the help of future rating results.



2.4 RISK MANAGEMENT

- In the Diehl Group, a risk report is submitted to the Executive Board and the Supervisory Board twice a year
- The risk catalog includes climate- and sustainability-related risks

Each corporate division has a risk management system that reflects the respective needs and is geared to the individual companies. Thus, hazards and risks can be identified timely and any resulting damage can be avoided or minimized.

The Diehl risk management system incorporates risk policy principles, as well as general rules of conduct and control mechanisms that meet legal requirements. In addition, a risk control system is applied that meets industry standards and at the same time takes into account Diehl's specific situation and individual needs.

A risk report is submitted to the Executive Board and the Supervisory Board twice a year. The report's content reflects, among other things, impacts along the value chain, impacts on people and the environment as well as possible impacts of climate change on the company. With regard to the integration of climate-related risks, the Diehl Group has followed common standards and adopted the corresponding exemplary categories in the risk catalog. Consequently, the Diehl Group has incorporated both physical and transitory risks for the Group into its analyses. Furthermore, a simplified climate scenario analysis was carried out with the help of the freely available information from the Intergovernmental Panel on Climate Change (IPCC) on a global regional basis (RCP8.5 scenario). The following issues pose significant risks.

Main risk categories

REGULATIONS	Higher CO ₂ prices or taxes and sustainability requirements can increase the prices of raw materials and energy.
MARKET	Product adjustments due to increased customer requirements or changing customer goals in relation to sustainability.
TECHNOLOGY	Increased demand for lower-emission technologies, e.g. the transition to e-mobility, requires new developments and innovations.
LEGAL FRAMEWORK	Further requirements for sustainability reporting, increasing limit values and documentation requirements due to climate change and sustainability in general
REPUTATION	Increased stakeholder expectations may result in reputational damage should they not be met.
PHYSICAL CLIMATE RISKS	Increasing climate risks at individual Diehl sites, but no significantly acute or chronic increases in risk.

2.5 SUSTAINABILITY STRATEGY

- **Conducted first materiality assessment**
- **Group-wide priorities derived from the sustainability strategy**

The Diehl Group considers active sustainability management to be an important component of its strategic orientation and a key to the company's long-term success. The Group pursues a comprehensive and integrated sustainability strategy that gives equal consideration to ecological, social and economic aspects. In the reporting year, the Group further developed its sustainability strategy and defined joint fields of action in the areas of environment, social and governance in the Executive Board.

2.5.1 Materiality assessment

In 2023, the Diehl Group conducted a materiality assessment with stakeholder representatives based on the European Sustainability Reporting Standard (ESRS) to define strategic priorities in the area of sustainability and determine the contents of the report.

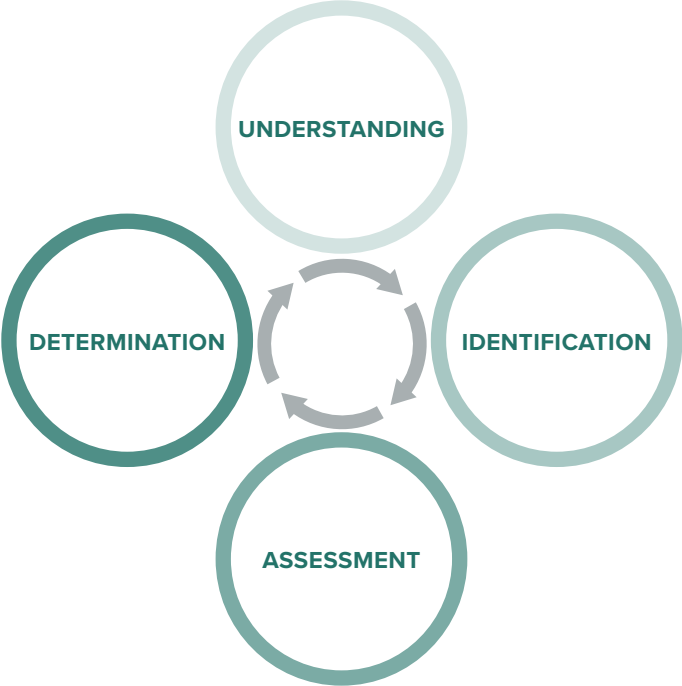
Procedure of the materiality assessment

Within the scope of the materiality assessment, the actual and potential impacts of business activities are evaluated. In doing so, the principle of double materiality is applied:

- **Impact materiality (inside-out perspective):** With regard to the sustainability matter, do the business activities have a significant negative or positive impact on the environment or people?
- **Financial materiality (outside-in perspective):** With regard to the sustainability matter, do the business activities bear significant risks or opportunities for the company's financial situation?



Materiality assessment process



The materiality assessment is conducted out in four steps:

- Understanding:** Initially, the Diehl Group and its business environment are analyzed. In particular, the aspects of the company, value chain, business model, sustainability strategy and stakeholders are considered.
- Identification:** Subsequently, impacts are identified. This is to ensure a holistic basis for assessment. For this purpose, relevant internal and external sources are included to cover both the company and the stakeholder perspective.

- Assessment:** Then, together with internal stakeholder representatives, the impact materiality and the financial materiality for the corporate divisions and the non-operational area are assessed. In the course of the assessment, internal experts from various functions, countries and legal entities are consulted.
- Determination:** For the evaluation, the assessments of the corporate divisions and the non-operational area are consolidated and evaluated according to the principle of double materiality.

Result of the materiality assessment

As a result of the materiality assessment conducted by the Diehl Group, ten key sustainability matters in three areas were identified. Diehl aligns its commitment to sustainability with these key sustainability matters. These also provide the structure for future reporting. In the years ahead, Diehl will regularly review and further refine the double materiality assessment. In particular, aspects of the value chain and further stakeholders are to be included.

Material sustainability matters

	CLIMATE CHANGE Water Resource inflows Waste
	HEALTH AND SAFETY EQUAL TREATMENT AND OPPORTUNITIES Working conditions Workers in the value chain
	BUSINESS CONDUCT Protection of whistleblowers

2.5.2 Stakeholder dialog

In view of the high relevance and complexity of the sustainability issue, it is essential to involve the various stakeholders. The Diehl Group is striving to maintain a transparent and continuous stakeholder dialog in order to understand the needs and expectations of the various stakeholders and to respond appropriately.

Diehl has recognized this necessity and is integrating a variety of stakeholders into diverse discussions to promote change towards a more sustainable economy and society. Such cooperation enables us to understand the challenges the industry and society are facing and to work with stakeholders to shape a more sustainable world. Thus, the sustainability strategy is constantly reviewed, adjusted and coordinated with key stakeholders.

With this dialogue, Diehl incorporates the feedback and concerns of stakeholders into its business strategy, decision-making and performance reporting in order to create long-term added value for all parties involved.

The close cooperation with various stakeholder groups, including customers, partners, employees and society, is of crucial importance for the business success of the Diehl Group. Therefore, we strive for a continuous dialogue.

Stakeholder communication

STAKEHOLDER						
	OWNERS	EMPLOYEES	CUSTOMERS, PARTNERS	SUPPLIERS	FINANCIAL INSTITUTIONS	POLITICS, ASSOCIATIONS
	Supervisory Board meetings, personal exchange	Intranet, employee meetings and dialogues	Fairs, information and dialogues	Information and questionnaires	Regular dialogue	Dialog and events
	Strategy, performance and regulation	Strategy and function-specific content	Strategy, performance and other information	Information on activities and performance	Strategy, performance and other information	Climate strategy and regulation
FORMATS						
TOPICS						

2.5.3 Sustainability targets

Based on the identified key areas for action in the context of sustainability, the Diehl Group has defined four of these matters as strategic, cross-group priorities: climate change, health and safety (own staff), equal treatment and opportunities (own staff) as well as business conduct.

- **Climate change:** The Group has established specific objectives for reducing CO₂ emissions and is pursuing measures to promote renewable energies and improve energy efficiency in its operations.
- **Health and safety:** The Group places great importance on the safety and well-being of its employees and invests in training, safety equipment and preventive measures to avoid accidents in the workplace.
- **Equal treatment and opportunities:** The Group actively promotes diversity and inclusion at the workplace and is committed to equal opportunities, fairness and respect for all employees, regardless of gender, origin or other characteristics.
- **Business conduct:** The Group is committed to ethical behavior and integrity in all business activities. It promotes transparent and responsible business practices and rejects any form of corruption and unethical behavior.

These strategic priorities illustrate Diehl's long-term, group-wide sustainability commitment. In future, the company will actively implement improvements within these focus areas and monitor their progress. For the coming year, it is planned to introduce measurable targets for further improvement and progress measurement in the individual focus areas. Moreover, a sustainability reporting based on the ESRS is being implemented.

In addition to the group-wide projects, we also initiated activities in the individual strategic business segments and corporate divisions that significantly contribute to Diehl's sustainability development. Particularly at Diehl Metering, sustainability has long been a central issue. Based on the principles of the UN Global Compact, the Metering Corporate Division has set itself ambitious sustainability targets, which are summarized in seven priority programs and serve as a guide for the company's day-to-day activities. Doing so will create a holistic approach to promoting all dimensions of sustainability. A new Sustainability & IMS function has been created to expand existing expertise and further integrate sustainability into day-to-day business.

Sustainability priorities

<p>CLIMATE CHANGE</p> 	<p>HEALTH AND SAFETY</p> 	<p>EQUAL TREATMENT AND OPPORTUNITIES</p> 	<p>BUSINESS CONDUCT</p> 
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3 ENVIRONMENTAL INFORMATION



3 ENVIRONMENTAL INFORMATION

- **Environmental management for the holistic control of environmental issues in the corporate divisions available**
- **During the reporting period, there were no incidents that led to fines or penalties**

For the Diehl Group, a sustainable and responsible approach to the environment and natural resources is a central pillar of its business activities. Here, particular attention is paid to increasing the energy and resource efficiency of business activities. Environmental awareness is firmly anchored in the thinking and actions at all sites of the Diehl Group, both through the Code of Conduct and through the environmental policy.

For the holistic control of environmental issues, the Diehl Group provides clear directives, procedures and processes that are aimed at preventing harmful effects on the environment, complying with laws and regulations, and ensuring the fulfillment of other obligations. Environmental management includes operational environmental protection and provides guidelines for the responsible use of materials, water, and waste, as well as the reduction of emissions. The environmental management system is certified to DIN EN ISO 14001 at almost all production sites worldwide. In addition, the Diehl Metal Applications site in Berlin is certified according to EMAS.

Environmental and energy issues within the entire Diehl Group are managed decentrally. Each site in the company has an environmental protection officer who monitors compliance with laws and regulations and advises and reports on environmentally relevant issues. The Group Environmental Officer, who also has a coordinating role, networks the local environmental officers. In addition, a central Energy Consulting Team in the Metall Corporate Division is coordinating the strategic transformation towards sustainable energy sources.

By means of regular inspections and audits, the functionality of the environmental management system is ensured and continuously improved. Employees and all other stakeholders have the opportunity to submit information at any time if they suspect harmful environmental impacts. During the reporting period, there were no environmental incidents at Diehl that led to any fines or penalties.

86%

of the production sites are
DIN EN ISO 14001 certified

3.1 CLIMATE PROTECTION

- **Implementation of group-wide CO₂ targets in scope 1 and scope 2**
- **Installation of a photovoltaic system in Überlingen as well as signing of the first power purchase agreements for the “greening” of the electricity demand**

The energy transition and climate protection are placing new and high demands on industrial production sites. Diehl is aware of its responsibility towards the environment and actively supports climate protection. The aim is to minimize the ecological footprint and make a positive contribution to reducing CO₂ emissions. Throughout the entire Group, Diehl aims to minimize greenhouse gas emissions along the value chain. It is the declared target of the Diehl Group to avoid exhaust emissions and, where not yet possible, to minimize them. The focus lies on finding individual solutions for energy conservation, heat recovery, switching to green electricity and replacing fossil fuels. Such solutions will be the backbone of a site's decarbonization in the future.

The Diehl Group's operating companies manage and take responsibility for their energy-related activities in a decentralized manner. At sites with high energy consumption, energy management is certified according to DIN EN ISO 50001 or DIN EN 16247. External certification bodies conduct annual monitoring audits and re-certification audits at three-year intervals for the Diehl Group's energy management systems certified according to DIN EN ISO 50001. Sites certified in accordance with DIN EN 16247 carry out an energy audit at four-year intervals. Even non-certified sites determine their energy consumption and implement their own measures to increase energy efficiency.

The Diehl Energy Consulting Team has been supporting the individual energy managers since 2023. This team of experts helps to identify energy-saving potential across all energy sources and to implement continuous improvements. In practice, this means:

- Expansion of PV systems at suitable operating sites and the engagement of green energy providers,
- Expansion of the electric mobility, in particular the charging infrastructure, and
- Development or revision of energy concepts (efficient technologies and processes to reduce energy consumption).

Energy consumption

In MWh	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Direct energy consumption	109,999	46,552	3,032	20,790	28,160	8,264	3,200
Natural gas	95,517	44,196	2,918	12,407	27,759	6,239	1,998
Liquid fossil fuels ¹⁾	12,043	2,357	115	8,272	198	914	188
Self-generated renewable energy ²⁾	2,439	0	0	111	203	1,111	1,014
Indirect energy consumption	248,256	128,121	31,637	41,705	31,096	15,054	644
Electricity	218,097	118,802	27,168	28,824	27,823	14,837	644
Thermal energy	22,139	9,319	3,380	6,871	2,352	217	0
Cooling energy	6,730	0	0	5,809	921	0	0
Steam	1,290	0	1,089	201	0	0	0
Energy sold	83	0	83	0	0	0	0
Total energy consumption	358,172	174,673	34,586	62,494	59,256	23,318	3,844

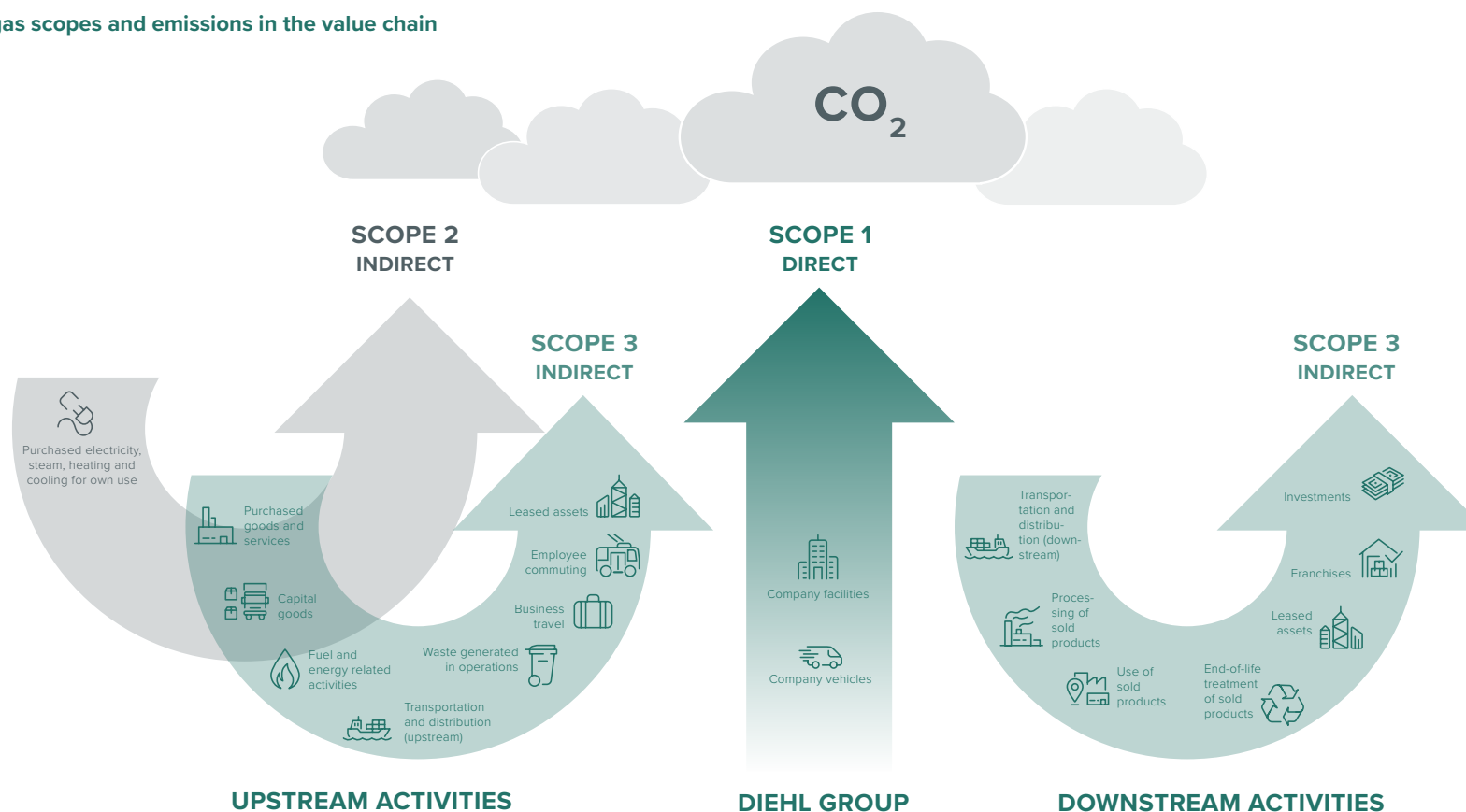
1) E.g., light and heavy fuel oil, liquid gas, diesel, biodiesel, gasoline and kerosen

2) Biofuels and energy from renewable sources (e.g. solar and wind)

In the reporting year, another carbon footprint assessment was carried out for the Group and its affiliates. The calculation of CO₂ emissions is carried out in accordance with the requirements of the Greenhouse Gas Protocol Corporate Standard. As part of this, the Group conducted a comprehensive analysis of direct emissions (scope 1), indirect emissions from energy consumption (scope 2) and significant indirect emissions along the entire value chain (scope 3).

- **Scope 1:** direct emissions, for example, from burning fossil fuels in company-owned facilities and vehicles.
- **Scope 2:** Indirect energy consumption resulting from the purchase of electricity, heating or cooling. The calculation was carried out on the basis of the specific emission factors of the energy sources used, with data from energy providers, where available.
- **Scope 3:** indirect emissions along the value chain resulting from factors such as purchased goods, transportation, product manufacturing or waste disposal.

Greenhouse gas scopes and emissions in the value chain



On this basis, the carbon footprint in scopes 1, 2 and 3 for consumption in 2023 was calculated for the Diehl Group.

Greenhouse gas emissions

In tCO ₂ eq	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
CO ₂ footprint ¹⁾	7,524,585	341,176	1,422,341	126,154	5,477,713	152,882	4,319
Scope 1	23,865	8,994	883	5,354	5,845	2,010	779
Scope 2	98,011	60,388	15,048	11,694	7,806	2,635	440
Scope 3	7,402,709	271,794	1,406,409	109,106	5,464,061	148,237	3,100

1) The CO₂ footprint was determined using market-based data

As a result of this comprehensive analysis and calculation, Diehl has gained a sound understanding of CO₂ emissions in all relevant areas. This allows the company to implement targeted measures to reduce its environmental impact. In the focus areas of sustainability, the determination and monitoring of the CO₂ footprint is anchored as a group-wide field of action. On the basis of these measurement results, all corporate divisions will draw up production targets for scope 1 and 2. The Group has set itself the target of achieving a 38% reduction by 2030 compared to the reference year 2021 (absolute or relative to sales). These emissions can be controlled directly by Diehl, as it already has excellent data quality. In the already identified significant scope 3 categories, the data quality still needs to be stabilized.

In order to achieve this target, Diehl has already taken various measures. Options for energy optimization so far include the purchase of green electricity, the in-house generation of electricity using solar panels and energy efficiency measures in production processes have so far been seen as ways to optimize energy consumption. Diehl does not offset the remaining CO₂ emissions. For further success, Diehl intends to engage more closely with its supply chain and suppliers in future and work towards a transparent and sustainable supply chain. The CO₂ issue is therefore also included in internal decisions (e.g. investment decisions) on a qualitative basis. However, an internal CO₂ price has not yet been set.

Decarbonization projects

Green electricity:

In collaboration with the energy procurement team, the energy consulting team has developed a green electricity strategy. The company has entered into multiple PPAs with regional energy providers. These PPAs cover electricity generated by wind and solar parks in the region in 2024 (with a planned volume of up to 30 GWh of green electricity). A further PPA for 2026 has also been negotiated.

At the Überlingen site, a photovoltaic system was installed for the first time. The photovoltaic system achieves a peak output of 133 kW and covers approx. 800 m² of roof surface. As the Überlingen site has a high base load, 100% of the electricity generated can be consumed by the company itself.

Energy concepts and charging infrastructure:

The Diehl Energy Consulting Team has successfully completed a project to develop and revise the energy concept at Diehl Metal Applications in Berlin. The first steps of implementation have already been taken. An important aspect here is the use of waste heat from the compressors for the heating system of the site by installing a heat pump.

A further project is being carried out by the team at the Diehl Defence site in Überlingen on Lake Constance. Again, the focus lies on the exact analysis of the heating and cooling supply of the site. Of particular interest in this context are sustainable energy sources such as seawater for heating and cooling purposes, and the use of waste heat from a sewer.

Within the scope of the “eZee Factory” project, the team is supporting the Röthenbach site in its plans for a new production hall. When it comes to new construction projects, there is a wide range of options for saving energy and utilizing waste heat that often cannot be implemented in existing facilities. Therefore, from an energetic point of view, the opportunity for making processes more energy-efficient should definitely be taken.

Moreover, the Diehl Energy Consulting Team is dedicated to building a standardized charging infrastructure for electric vehicles within the Diehl Group. The Diehl Group has developed a uniform concept (“blueprint”) which is now being implemented successively at its sites.

3.2 WATER AND WASTEWATER

- **Compliance with limit values for wastewater in the reporting period**
- **Identification of production sites in water-stressed areas**

Being a technology and manufacturing company, the Diehl Group recognizes the importance of responsible and sustainable use of the scarce resource water. By means of consistent water management, Diehl strives to reduce water consumption through efficient and environmentally friendly processes and to improve the quality of the water used. In doing so, local characteristics of the internationally operating Group, such as areas with increased water stress, are taken into account.

Within the operative affiliates, there are environmental protection officers and water protection officers. They advise and supervise the responsible and lawful handling of water and wastewater. The key production processes are being analyzed in terms of their environmental impact.

Any processes with special requirements for the wastewater (for example, in terms of type, quantity or ingredients) are the focus of this assessment. This way, potential areas for improvement are identified and measures to further reduce the footprint (e.g. use of recirculation systems and treatment plants) are determined. Such process is supported by self-monitoring and other organizational and technical precautions.

The Diehl Group meets its water demand by using municipal drinking water, surface water and groundwater sources. In this context, attempts to keep the so-called water footprint as small as possible are taken into account by means of recycling or by using rainwater. The majority of the water withdrawn is used for cooling and processing. In addition, water is used, among other things, in surface treatment facilities, for cleaning purposes and in sanitary facilities. Where necessary, production wastewater is cleaned in wastewater treatment plants and can then either be reused or discharged into the public sewage system or a body of water. Alternatively, the Diehl Group will arrange for proper disposal. During the reporting period, there were no violations of licensing requirements.

Based on information from the World Resources Institute (WRI), production sites have been identified that are located in areas with high or extremely high water stress. It has been found that these sites are not dependent on water as a resource.

Water use

In m ³	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Water withdrawal	596,530	293,096	46,386	147,998	86,631	17,939	4,479
Surface water	66,649	0	0	66,649	0	0	0
Ground water	167,771	145,033	0	0	22,738	0	0
Sea water	0	0	0	0	0	0	0
Produced water	1,698	0	0	0	1,698	0	0
Water from third parties	360,412	148,064	46,386	81,349	62,195	17,939	4,479
Water recirculation	439,285	170,724	32,997	147,163	70,462	17,939	0
Surface water	109,670	43,021	0	66,649	0	0	0
Ground water	22,738	0	0	0	22,738	0	0
Sea water	0	0	0	0	0	0	0
Produced water	1,698	0	0	0	1,698	0	0
Water from third parties	305,180	127,703	32,997	80,514	46,027	17,939	0
Total water consumption	157,244	122,372	13,389	835	16,169	0	4,479

3.3 WASTE

- **Target of the Diehl Group: waste prevention, preferably as early as the product development stage**
- **Diehl strives for a continuous increase in the recovery and recycling rate**

The Diehl Group places a high value on effective waste management that aims to minimize the generation of all types of waste, promote environmentally friendly disposal methods, and support the transition to a circular economy. Diehl strives to avoid waste from the start by optimizing production processes and introducing concepts of circular economy. Where this is not possible, the reuse of materials and the promotion of recycling programs are prioritized in order to maintain the value of resources and minimize the need for landfilling. Diehl is committed to avoiding hazardous substances and keeping their proportion as low as possible by means of substitution.

Each site designates waste officers who are responsible for managing waste in accordance with statutory requirements. Their job is to regularly monitor and evaluate the waste streams and to develop targeted measures to reduce waste, increase recycling rates and identify environmentally friendly disposal solutions. Furthermore, all sites have established internal procedures and regulations for the lawful transportation and disposal of waste by certified waste management companies.

At Diehl, a high proportion of waste is recycled or disposed of in the most environmentally friendly way possible, since the majority of all waste produced is also classified as non-hazardous. The Diehl Group strives to constantly increase its recycling rate in order to minimize the amount of waste that needs to be disposed of.

Hazardous waste for disposal or recycling, such as filter dust from the foundry or residues from surface treatment facilities, account for only a small proportion. These are handled, stored or transported in accordance with special safety requirements.



Waste and disposal

In t	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Waste generated	26,965	13,962	478	8,798	2,062	1,609	56
Thereof hazardous	3,272	2,044	219	817	90	99	3
Thereof non-hazardous	23,693	11,918	1,532	7,990	1,972	1,511	54
Waste diverted from disposal	19,272	12,554	1,418	2,278	1,810	1,182	31
Hazardous	1,920	1,454	145	254	65	0	3
Processing for reuse	45	6	0	39	0	0	0
Recycling	1,643	1,239	145	210	46	0	3
Other recovery	233	209	0	5	19	0	0
Non-hazardous	17,352	11,100	1,273	2,024	1,745	1,182	28
Processing for reuse	988	573	0	415	0	0	0
Recycling	14,679	9,431	1,273	1,503	1,325	1,119	28
Other recovery	1,685	1,097	0	106	421	63	0
Forwarded waste for disposal	8,976	1,408	333	6,530	251	427	26
Hazardous	1,352	590	75	564	25	98	0
Incineration ¹⁾	563	40	59	374	0	90	0
Incineration ²⁾	111	76	15	12	0	9	0
Landfill	464	423	0	16	25	0	0
Other disposal	214	51	0	163	0	0	0
Non-hazardous	7,624	818	259	5,966	227	329	26
Incineration ¹⁾	917	274	47	386	0	185	25
Incineration ²⁾	348	277	61	11	0	0	0
Landfill	6,224	135	148	5,569	227	144	1
Other disposal	136	133	3	0	0	0	0

1) With energy recovery

2) Without energy recovery

3.4 PRODUCT RESPONSIBILITY AND USE OF RESOURCES

- **Controlled handling of substances of concern and substances of very high concern within the company**
- **Integration of ecodesign principles in the product development process**

Being an international industrial company, Diehl has committed itself not only to producing high-quality products, but also to ensuring that these are developed and manufactured in accordance with the principles of sustainability. Here, particular emphasis is placed on product responsibility.

Product responsibility at the Diehl Group is characterized by two main aspects: the careful selection and responsible use of materials, and the integration of ecodesign principles throughout the entire product life cycle.

Materials used

Diehl places a high value on the safe handling of substances of high concern. The company actively strives to improve the chemical safety and environmental compatibility of its products and services. Therefore, Diehl employs a structured organization with clear responsibilities at various levels. This organization enables the identification and handling of such substances, and the minimization of their use. There is an adapted organization in all areas of the company with managers responsible for material safety and the proper use of chemicals. In addition, there is a cross-departmental working group. The selection of materials, components and purchased parts is always conducted responsibly and in compliance with the law. Compliance with statutory requirements is an integral part of the procurement process and of contracts with suppliers. Diehl has established processes to ensure and continuously improve compliance in this area.

Special attention is paid to the use of substances of very high concern (SVHC). The REACH Regulation requires reporting on items containing SVHC above 0.1% w/w in homogeneous materials. All corporate divisions fulfill this reporting obligation vis-à-vis customers. Products containing SVHC are identified at an early stage and measures are taken to avoid their use. Key aspects:

- Inventory and evaluation
- Substitution strategies
- Risk minimization and control
- Transparency and communication
- Compliance and monitoring

Aside from the industry- and customer-independent Substances of Concern in Products (SCIP) reporting, a reporting system for various material compliance requirements has been established in the B2B area years ago. This system is based on customer-specific IT platforms or letters of conformity. The reporting of conflict minerals in accordance with the Conflict Minerals Reporting Template (CMRT) is an example of this.

Diehl participates in customer projects and initiatives for the avoidance of substances of concern and SVHC as well as for the increase of the proportion of recycled materials. Furthermore, the company is represented in various national and international associations in order to recognize and implement changes in chemicals legislation, environmental protection and occupational safety at an early stage.

With these clearly defined responsibilities at different levels, the Group ensures that substances of concern and SVHCs are handled effectively and responsibly.

Ecodesign

For Diehl product responsibility does not end with the statutory obligations. By integrating life cycle assessments into the product development process, the company strives to develop products that are not only functional and innovative, but also make a positive contribution to the environment and society.

At Diehl, product development is seen as a central area in which contributions can be made to a sustainable future. In appropriate cases, the company applies ecodesign approaches to assess and minimize the environmental impact of products throughout their entire life cycle. The aim is to develop environmentally friendly products that have minimal environmental impact throughout their entire life cycle.

To achieve this, sustainability criteria are incorporated into the product development process from the outset and environmental impacts are made transparent. Diehl takes various factors into account as early as the design phase, such as the extraction of raw materials, production, use, transport, disposal and recycling. Guidelines and objectives for sustainable products are defined, and the results of these analyses serve as the basis for identifying areas for improvement and optimizing of products.

Diehl strives to further improve products and processes based on knowledge gained from life cycle assessments and customer feedback. In this context, the production methods and material selection are also adapted accordingly. In addition, Diehl provides its customers with transparent information about the environmental impact of products.

Ecodesign in practice

Since 2006, Diehl Metering has consistently pursued the goal of developing more environmentally friendly products. The ALTAIR V5 volumetric water meter is an outstanding example of such ecodesign initiatives.

The development of the ALTAIR V5 has resulted in a water meter that has a significantly lower environmental impact thanks to a number of innovative features. The focus was on reducing the weight of the components, lowering the energy consumption during production and using bio-based materials. A comparative life cycle assessment (LCA) between the ALTAIR V4 and the new ALTAIR V5 shows impressive results. It is particularly worth mentioning that the concentric composite version of the meter housing produces 54% fewer greenhouse gas emissions.

The ALTAIR V5 demonstrates that environmental responsibility and technical innovation can go hand in hand.

Additionally, in 2023, two plastic parts made from 100% recycled materials were added to the product range. This underlines Diehl Metering's commitment to the circular economy and to continuously improving the recyclability of its products.



4 SOCIAL INFORMATION



4 SOCIAL INFORMATION

- **Creation of a working environment by the Diehl Group that combines safety, appreciation and active promotion of equal opportunities**
- **Diehl has committed itself to the well-being and representation of the interests of its employees**

4.1 OWN WORKFORCE

4.1.1 Characteristics of the employees

Diehl is proud of its employees, who are committed and passionate in their work to create technologies that improve the lives and work of many people worldwide. Diehl's employees have always been the key factor in the company's success and have been shaping its history with their daily work. The employees play a central role in the company and many of them spend several decades, sometimes even their entire career, at Diehl.

Characteristics of own workforce¹⁾

In number	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Employees	18,221	3,121	3,556	3,878	5,115	1,910	641
Thereof male	12,237	2,451	1,681	2,895	3,743	1,108	359
Permanent	11,108	2,249	1,434	2,688	3,513	969	255
Temporary	1,129	202	247	207	230	139	104
Thereof female	5,984	670	1,875	983	1,372	802	282
Permanent	5,356	568	1,690	895	1,305	657	241
Temporary	628	102	185	88	67	145	41
Non-employees	954	271	146	173	195	160	9

¹⁾ Note (all social indicators): The indicators in the annual report and sustainability report may differ slightly due to different collection methods. The social indicators are based on the number of persons, not full-time equivalents.

The broad international positioning is reflected in the global footprint with employees coming from Europe, North America, South America, Asia and Africa.

Employees by country¹⁾

In number	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Employees	18,221	3,121	3,556	3,878	5,115	1,910	641
Thereof in Germany	12,315	2,508	563	3,709	3,966	928	641
Thereof in Poland	1,669	0	1,230	0	0	439	0
Thereof in China	1,442	244	1,127	0	0	71	0
Thereof in Hungary	1,079	0	0	0	1,079	0	0
Thereof in France	789	233	0	169	0	387	0
Thereof in Mexico	636	0	636	0	0	0	0
Thereof in Brasil	96	96	0	0	0	0	0
Thereof in the USA	80	0	0	0	51	29	0
Thereof in Austria	56	0	0	0	0	56	0
Thereof in others	59	40	0	0	19	0	0

¹⁾ The allocation of employees to countries is based on the legal entity affiliation.

Diehl wants to be recognized as an attractive employer both by its employees and potential applicants. This objective is supported by the company's regular appearance in various employer rankings, in which the company is consistently ranked among the top employers in Germany.

Diehl values individuals with diverse personalities who deal with each other openly and fairly and are proud of their achievements. Diehl and its employees are united in their efforts to secure their technological advantage in the long term. A family-like working atmosphere as well as a trusting and fair working relationship are central elements of the traditional corporate culture. By setting clear targets, providing scope for personal responsibility and creating a company environment that is receptive to social issues, Diehl ensures that both challenge and recognition are part of the everyday working life.

4.1.2 Working conditions

- **For Diehl, a committed and satisfied workforce is the key to long-term success**
- **Diehl conducts regular reviews of working conditions and makes adjustments as needed to provide employees with an optimal working environment**

Diehl is dedicated to ensuring that employees have access to all the services they need to lead a safe and stable life. The company offers its employees a wide range of social benefits that go beyond the legal requirements. These include, among other things, retirement planning, company health programs, employee discounts and other additional benefits. All employee-related topics are firmly anchored in the Diehl Group's organization. Diehl is convinced that all of the above not only benefits the individual, but also strengthens the company and promotes sustainable growth.

Career and family

Diehl attaches great importance to the reconciliation of work and family life. The human resource management is geared towards the individual life phases of employees and considers the promotion of a family-friendly working culture to be an essential part of its efforts. Diehl supports parents-to-be and families by offering various programs and services, including parental leave, children's holiday programs, advisory services for family matters and assistance in finding childcare options. Diehl provides social security for all German legal entities.

The Diehl Group recognizes the importance of providing strong support for parenting and family life and is actively committed to helping employees through this important phase of their lives.

Diehl enables its employees to structure their work flexibly and use their time effectively. The company offers flexible working hours, mobile working options and other measures to meet the individual needs of its employees. As a result, employees are able to successfully combine family and career.

Familial and entrepreneurial at all levels.

In addition, the company attaches great importance to taking into account the different perspectives and needs of employees with regard to retirement. Not only is it important that employees remain physically and mentally fit until the end of their working lives, but also that they can continue to apply their skills and knowledge in the company. Furthermore, partial retirement models are offered, and skills are passed on in good time before retirement to enable an active and committed generational change. In order to sensitize employees to said issues, we offer lectures and workshops on topics such as motivation, the future, work-life balance, retirement, exercise and healthy nutrition.

Work-life balance¹⁾

In number	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Employees Germany	12,315	2,508	563	3,709	3,966	928	641
Thereof entitled to social leave	99%	100%	100%	100%	98%	100%	100%
Thereof social leave claimed male	2%	2%	3%	2%	3%	3%	1%
Thereof social leave claimed female	2%	1%	2%	1%	2%	5%	3%

1) Calculated on the basis of data from German legal entities.

Collective agreement coverage and social dialogue

Diehl supports its employees in representing their interests by setting up employee representative bodies, works councils or other committees that represent the employees' voice in corporate matters. A partnership-based cooperation with employee representatives plays an important role for Diehl.

The employees of the Diehl Group have the right to unionize at all sites worldwide, regardless of whether freedom of association is protected by law. These bodies serve as a platform for the exchange of ideas, concerns and proposals, and enable employees to actively participate in decisions that affect them. Diehl values the opinions and contributions of its employees and encourages an open and transparent communication between management and staff. Most of the German sites of the Diehl Group are bound by collective agreements. This positively contributes to transparent and non-discriminatory pay.

Diehl ensures fair pay in all business units worldwide. The Diehl Group's Code of Conduct stipulates that the company pays its employees at least the minimum wage required by law and provides all statutory benefits.

In order to ensure an open and direct exchange with employees, the Diehl Group regularly conducts employee surveys. The company regularly reviews and updates its guidelines and programs to ensure that they meet the current requirements and provide helpful support for its employees.

Collective agreement coverage and social dialogue

In number	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Employees	18,221	3,121	3,556	3,878	5,115	1,910	641
Therof with collective agreement	79%	96%	58%	97%	75%	71%	52%
Thereof with works council representation	88%	90%	89%	99%	76%	95%	91%



4.1.3 Equal treatment and opportunities for all

- **Establishment of a dynamic learning culture by continuously expanding the Diehl learning world with digital training programs**
- **Diehl's target: Fill two-thirds of all management positions with qualified specialists from its own ranks**

4.1.3.1 Training and further education

Given the ongoing shortage of skilled workers, it has become increasingly important to train employees from the company's own ranks in order to retain them and offer them career perspectives. The Diehl Group is convinced that lifelong learning and professional development are essential not only for the employees' personal development but also for the long-term success of the company. Each investment in the development of the workforce makes a positive contribution to the future viability of the company. Diehl therefore offers high-quality training and continuing educational programs to develop the potential of its workforce and create a dynamic learning culture.

These programs are designed to meet the individual needs and development goals of employees and include internal training, external professional development opportunities, mentoring programs, online courses and other learning resources. The aim is to allow employees to continuously improve their skills and knowledge and to further develop professionally.

Work where megatrends
become future technologies.

Apprenticeship and study

In the fiscal year 2023, a total of 300 apprentices started their dual vocational training at Diehl in 21 different professions. Additionally, 87 students were enrolled in a total of 25 (dual) study programs. The number of apprentices currently employed remains at a high level of 452 (2022: 400), with 387 (2022: 354) of these being in Germany. In all forms of training, Diehl places particular emphasis on independence, fairness and the ability to work in a team. It is important that apprentices always consider their training to be challenging and rich in variety.

As a way of encouraging young women to take an interest in technical professions, Diehl has been taking part in the "Girls Day" and the "Girls for Technology Camp" educational initiative that has been organized by the Bildungswerk der Bayerischen Wirtschaft e.V. for many years.

The 18-month graduate program at Diehl enables about 30 graduates from commercial and technical backgrounds to start their careers in the Diehl Group each year. The commercial programs are organized centrally for the entire Group, while the technical programs are implemented by the corporate divisions. Both programs offer various focus areas, including accounting/controlling, technical purchasing, human resources, IT management and digitization, as well as production/project management, research and development, quality management and sales.

Professional qualification, career paths and further training

Qualified specialists and managers are of vital importance to Diehl. The company continuously invests in the development of its workforce by promoting professional qualifications, career paths and further training, which in turn contributes to the company's future success. Diehl firmly believes that this plays a crucial role in ensuring a high level of motivation and satisfaction among employees, as well as their long-term loyalty.

The Diehl Group promotes its employees on an individual basis to empower them in their role or prepare them for new tasks. This includes a range of learning opportunities, such as internal and external training, certification and mentoring programs. The aim is to support employees in their professional development and help them achieve their career goals.

The professional advancement of our employees is supported by targeted career planning and development. In this context, individual career counseling, talent management programs and opportunities for promotion within the company are offered in order to provide employees with a clear perspective for their professional advancement. It is the task of managers – within the framework of Diehl potential management, for example – to identify and qualify high-potential employees and prepare them for further tasks. This is to proactively show employees career opportunities within the Diehl Group in order to encourage them to stay with the company in the long run. Furthermore, Diehl is taking part in the "Women in Management Positions" program of the Bavarian Employers' Association of the Metal and Electrical Industry.

The qualification spectrum “on the job” and “off the job” at Diehl is continuously adapted to current requirements and supported by digital tools. The comprehensive learning platform “Diehl Lernwelt” (“Diehl Learning World”) offers employees a wide range of training opportunities, including face-to-face, hybrid and online training. It includes both mandatory training courses and over 6,000 free, voluntary learning opportunities (e-books, audio learning and virtual classrooms). The learning programs are continuously being improved and extended to reach more and more employees in the Group. Initial training opportunities concerning sustainability are already included. Moreover, Diehl also believes in the transfer of know-how by employees themselves (e.g. through “colleague academies”).

Feedback culture at Diehl

In the field of leadership development, the new Diehl leadership-principle, which describes the leadership culture at Diehl in a transparent and understandable way for everyone, has been decisive since 2022. This year and in the years that follow, the leadership principle will be successively incorporated into the organization as a central, culture-forming element. The first step is to introduce an upward feedback process for middle and senior managers. The leadership-principle is supplemented by the group-wide competency model, which is used, among other things, in suitability diagnostics procedures.

Upward feedback describes the process of direct employees providing feedback on the leadership behavior of their superiors in the context of the leadership principle.

Such feedback is then compared with the managers' self-assessments to uncover any “blind spots”. In this dialog between managers and their teams, mutual understanding is fostered, and practical suggestions are made for improving management skills. Upward feedback is a crucial tool for fostering a successful leadership culture. It strengthens the relationship between managers and employees, improves leadership dynamics, and promotes open communication and trust. It allows managers to sharpen their self-awareness and ensures their targeted development.

The upward feedback was successfully piloted with the top management in the first quarter of 2023 and forms the basis for the current roll-out process. The program will be launched in 2024 and continuously expanded until 2025. The two-year process promotes the sustainable development of our management culture.

Embodying a cooperative culture.

4.1.3.2 Diversity, equal opportunities and anti-discrimination

- **Equal opportunities adopted as a priority of the sustainability strategy**
- **An inclusive work environment enhances the potential of each employee**

Diehl respects and values the diversity of its employees and firmly believes that a diverse workforce is a key driver of innovation, creativity and success. Social cohesion, openness, equal opportunities and combating discrimination are central components of our corporate culture. Diehl strives for an inclusive work environment that promotes an open mind towards new ideas and values the individuality of our employees. Diehl offers everyone equal opportunities and embraces diversity to benefit from different perspectives and skills and thus be successful together. For this reason, the subject has been defined as a focus area of the sustainability strategy.

Diversity¹⁾

In number	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Executive Board	8	2	3	4	4	4	3
Thereof number male	8	2	3	4	4	3	3
Thereof percentage males	100%	100%	100%	100%	100%	75%	100%
Thereof number female	0	0	0	0	0	1	0
Thereof percentage female	0%	0%	0%	0%	0%	25%	0%

1) The Executive Board consists of the Presidents of the Division Boards and the Corporate Board. The Presidents of the Division Boards are listed in the respective Corporate Division and in the Group.

All employees, irrespective of their religion, cultural or ethical background, political orientation, age and gender, are always treated equally and continuously supported in the fulfillment of their individual tasks and professional advancement.

Employees with disabilities

In number	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Employees	18,221	3,121	3,556	3,878	5,115	1,910	641
Thereof with disabilities	3%	4%	2%	3%	3%	3%	3%

Diehl promotes employees from different nations and countries for leadership roles. Thanks to its many affiliates in Germany and abroad, Diehl forms a team that works together openly and respectfully across national borders, contributing to international dialog through collegiality.

The company condemns all forms of discrimination and pursues a policy of zero tolerance to actively prevent discrimination at the workplace. For this purpose, Diehl has introduced directives and procedures which aim to ensure equal opportunities and to combat any form of discrimination and disadvantage. The Code of Conduct is reinforced by training to raise employees’ awareness of these important issues. In addition, there are various ways to submit any complaints.

The Diehl Group is currently drafting a group-wide directive and is drawing up a concept for employee and manager training to further raise awareness of the issue and to avoid unconscious bias and cognitive distortions of perception. The corporate division Diehl Metering already considers the promotion of diversity to be a central strategic field of action and actively pursues it. In doing so, focus areas are identified and measures are taken throughout an entire employee’s lifecycle to meet their various needs.

In 2024, Diehl Metering will make this transparent and easily accessible across all sites.



4.1.4 Health and safety

- **DIN EN ISO 45001 occupational health and safety management system introduced at the German production sites of Diehl Metall**
- **Occupational safety as a priority anchored in the group-wide sustainability strategy**

Accidents have various causes – which makes it all the more important that risks are avoided or eliminated in advance in order to prevent accidents. Ensuring the safety and health of its employees and the contracted service providers at all sites is a top priority for the Diehl Group and, in addition to productivity and quality, an important requirement in the day-to-day work. For this reason, the Group is committed to ensuring that every employee works in a safe and healthy environment. Accordingly, the topic has also been anchored as a central pillar in the group-wide sustainability strategy.

Diehl seeks to prevent accidents and injuries in the workplace and preserve the health of its employees. In order to achieve this, clear responsibilities and safety standards have been implemented. At some sites, particularly at Diehl Metall, this practice is anchored in an occupational health and safety management system in accordance with DIN EN ISO 45001. Risk assessments, safety audits and regular inspections help to identify potential hazards at an early stage and minimize them. Through regular inspections and site visits, occupational health and safety is continuously improved. Furthermore, specific risk assessments are carried out by occupational safety specialists. This forms the basis on which the company derives occupational health and safety targets and defines the necessary protective measures. In this context, the current state of technology, ergonomics, work design and occupational medicine are taken into account.

Furthermore, it is important to raise awareness of occupational safety and the protection of health among all employees and managers and to promote a culture of safety. Topics and information related to occupational safety are communicated through a variety of channels within the organization. Regular training is provided for employees on topics relevant to occupational safety. Employees and service providers are instructed on a regular basis. In addition, sufficient first aiders and trained company paramedics are available. All employees are requested to report any risks and (near-)accidents they become aware of, to approach colleagues and to submit suggestions for accident and damage prevention.

At Diehl, the safety and health of our employees have the highest priority.

Health and safety¹⁾

In number	GROUP	METALL	CONTROLS	DEFENCE	AVIATION	METERING	OTHER
Employees Germany	12,315	2,508	563	3,709	3,966	928	641
Occupational accidents	167	64	10	41	34	10	8
Thereof notifiable	100	40	4	23	23	7	3
Commuting accidents	99	36	3	22	25	5	8
Thereof notifiable	49	16	3	10	12	5	3

1) Calculated on the basis of data from German legal entities.

Protection of health – prevention and help:

Diehl places great value on protecting the health of its employees and is committed to creating health-promoting working conditions. To ensure the physical and mental health of all employees, the Diehl Group provides preventive and demand-oriented health-promoting measures to avoid long-term health problems and to raise awareness of health-conscious behavior.

All corporate divisions and sites have implemented a wide range of measures and projects to promote health-conscious behavior. These are aimed at everyday work-related stressors such as shift work, mental strain and ergonomic challenges. Such measures include the design of ergonomic workplaces, regular health checks, access to health services and programs to promote physical and mental health. Training and campaigns to raise awareness of issues such as addiction prevention and conflict management are also part of these efforts.

The Diehl Group attaches great importance to the topic of mental health: Mental illnesses and crises usually occur unexpectedly. In order to recognize psychological warning signals at an early stage and provide quick and easy help, the corporate divisions have created many offers to promote mental health: from stress checks carried out on health days to professional contact points. Furthermore, the German sites of the Aviation Corporate Division, for example, not only offer internal social counselors but also trained employees who provide support at short notice in situations of personal crisis.

Life-stage oriented people management

The Aviation people management attaches great importance to a good and healthy work-life balance in all phases of life. For this purpose, new partial projects were defined that aim at the sustainable development of employability.

This includes, for example, the systematic planning of successors to secure knowledge and manage transitions well in advance.

Another key target group is employees at the age of 55 and older. New approaches were rolled out through a 55+ medical check-up and individual physio-coaching at the workplace.



4.2 WORKERS IN THE VALUE CHAIN

- **Global implementation of the German Supply Chain Due Diligence Act and introduction of a reporting and complaints system at Diehl**
- **Mastering the challenge of comprehensive risk analysis in the own area of business and with direct suppliers**

Workers in the value chain

In order to firmly establish long-term perspectives and sustainable economic activity in the business units, the Diehl Group has not only introduced a Code of Conduct to be followed by employees but has also started to contact its direct suppliers asking them to recognize or provide evidence of a supplier or ethics code. Following the requirements of the German Supply Chain Due Diligence Act, the codes of conduct must include at least the following:

1. the International Bill of Human Rights of the United Nations
2. the UN Guiding Principles on Business and Human Rights
3. the declaration of the International Labor Law Organization (ILO)
4. the OECD Guidelines for Multinational Enterprises
5. the EU Conflict Minerals Regulation (Mineral Resources Due Diligence Act (MinRohSorgG))
6. the Timber and Timber Products Regulation (Timber Trade Security Act)
7. the Minamata-Agreement
8. the Stockholm Agreement
9. the POPs Convention
10. the Basel Convention

Strategy for the prevention of human rights violations

The first risk analysis showed that the strategy pursued in their own business area even before the introduction of the German Supply Chain Due Diligence Act, aimed at paying fair wages and ensuring compliance with fair working conditions (e.g. observing working hours and rest periods, granting vacation, continued payment of wages in the event of illness, occupational safety and active health management), proved to be accurate. The analysis confirmed that there were no significant risks or violations of the German Supply Chain Due Diligence Act ("LkSG") in the company's own area of business.

Diehl rejects the unlawful seizure of possession and ownership of land, forests or water for building development, the extraction of raw materials or other use through forced evictions. Furthermore, the risk of environmentally related violations of the Minamata, Stockholm, POPs and Basel conventions can be classified as very low due to the business model and products.

The annual and occasion-related risk analyses are carried out with the necessary intensity vis-à-vis the direct suppliers. The first risk analysis carried out in 2023 showed country-specific risks, but due to the products and our own quality standards, no significant risks with direct suppliers.

Measures in accordance with the German Supply Chain Due Diligence Act (LkSG)

In 2023, the Diehl Group has implemented all statutory due diligence requirements. Alongside the appointment of a human rights committee and a human rights coordinator at group-level, local human rights officers have been appointed in all affiliated companies. The Diehl Group and the Executive Board have issued a declaration of principle on the human rights strategy, which is published on the www.diehl.com. Moreover, the company's own employees, suppliers, trade unions, environmental protection organizations or other NGOs can report violations of the LkSG on the whistleblower portal operated by the company, either anonymously or by disclosing their identity. For the fulfillment of the documentation and reporting obligations in accordance with the LkSG, several reporting formats and templates have been standardized.

Moreover, the Diehl Group has established a system for conducting risk analyses in its own business sector and vis-à-vis its direct suppliers. The risk analysis in its own area of business is carried out by means of a self-assessment. When conducting risk analysis regarding our direct suppliers, we use the EcoVadis tool.

Improvements through iterative processes

Diehl's approach to implementing the German Supply Chain Due Diligence Act involves prioritization and an iterative process. The annual monitoring of effectiveness provides the basis for improvements. Here, the focus lies on optimizing the annual and occasion-related risk analyses and on embedding the compliance management processes in the relevant areas of human resources and procurement by means of directives or process instructions.

Process of due diligence management



5 GOVERNANCE INFORMATION



5 GOVERNANCE INFORMATION

- **Online whistleblower tool serves as an early warning system to detect any risks and compliance violations**
- **Regular compliance training for employees at all hierarchical levels**

The Diehl Group attaches particular importance to ensuring responsible corporate governance based on compliance with the laws and regulations in all countries the company operates in. The principles set out in the Diehl Code of Conduct are binding for all employees.

Diehl strives for transparent relationships with all business partners, from suppliers to customers and government agencies. The shareholders, the Supervisory Board and the Executive Board of the Diehl Group consider it very important to provide a work environment in which employees can openly address any compliance issues. The company promotes a culture of open dialog in which employees can turn to their superiors as well as the compliance organization. The aim is to sensitize all employees to compliance issues through continuous communication and comprehensive training. In the event of any conflicts, employees can confide in the compliance organization or the ombudsman.

These values and practices are embedded in the governance structure and ensure transparent responsibilities and proper corporate management. The governance structure works according to the proven “three-lines model”. Internal Audit ensures the appropriate structure and implementation of the internal control system regarding the due diligence of the management.

5.1 COMPLIANCE

The trustful treatment of whistleblowers has a long tradition at Diehl. Even before the Whistleblower Protection Act came into force on July 2, 2023, Diehl offered its employees and third parties secure reporting channels to report compliance violations. As early as 2007, the Diehl Corporate Compliance Officer (CCO) and an external ombudsman took on the task of handling such reports.

In addition, an online whistleblower tool was implemented on January 1, 2023, which also enables anonymous reporting and communication with the whistleblower via a secure mailbox. As soon as Diehl receives any compliance information via these reporting channels, investigations are initiated to clarify the facts and to take the necessary measures for the benefit of the company and its employees.

The reporting channels form an integral part of the established compliance organization of the Diehl Group. Diehl Corporate Compliance comprises all measures to ensure that Diehl employees observe the legal regulations and internal directives. The compliance organization is based on the Group’s Code of Conduct.

The original focus areas of Corporate Compliance at Diehl are:

- Corruption prevention
- Ban on cartels
- Avoiding conflicts of interest, including how to handle invitations and gifts
- Prevention of money laundering and terrorist financing

The CCO heads the compliance organization and is also responsible for the organization of the Compliance Committee. This organization comprises the relevant departments and two Members of the Corporate Board. Its role is to promote the exchange of ideas and advice on all compliance issues within the Diehl Group. The Compliance Committee, as an example, reviews business processes in terms of compliance with the Code of Conduct. Furthermore, it identifies compliance issues and evaluates compliance violations.

One of the key compliance measures implemented by Diehl is regular compliance training for employees at all levels of the hierarchy. Based on the employees’ positions, risk groups were defined. The aim is to ensure that functional areas such as customer relations, supply chain and quality, which belong to “risk group 1”, complete the e-learning on compliance every year. Employees belonging to “risk group 2” (e.g. human resources, legal, information technology, etc.) shall undergo the program every other year. Employees belonging to “risk group 3” (e.g. innovation, research & development, production, etc.) shall repeat the compliance e-learning on a three-year cycle. Such rotation shall ensure that the frequency of training is proportionate to the exposure of employees to risk. For details of training courses in 2023, please refer to the following chart:

Compliance and anti-corruption training

In number	GROUP	RISK GROUP 1 ¹⁾	RISK GROUP 2 ²⁾	RISK GROUP 3 ³⁾
Compliance	9,779	2,846	2,241	4,692
Corruption Prevention	9,613	2,780	2,216	4,617

1) One-year training interval
2) Two-year training interval
3) Three-year training interval

Additionally, the regular performance of a compliance due diligence review on all existing and potential consultants and commercial agents is mandatory in accordance with the Diehl Compliance Guideline. A total of 153 consultants and commercial agents were audited in 2023 (2022: 154).

5.2 DATA PROTECTION

- **Diehl promotes awareness and responsibility for data protection**
- **A group-wide data protection organization ensures the implementation and monitoring of legal requirements**

The protection of personal data is a fundamental right. In order to adequately protect such data along with the rights and freedoms of the persons concerned, Diehl has set up a group-wide Data Protection Organization. For this purpose, Diehl provides both human and financial resources, centralized in the Corporate Privacy Department and decentralized in the Group companies, with so-called data protection coordinators.

Persons concerned may contact the data protection officer at any time. Furthermore, Diehl implemented a group-wide whistleblower system for reporting data protection violations in the 2023 fiscal year.

There are numerous data protection requirements set out in guidelines. These guidelines are regularly reviewed and updated as needed.

Diehl not only meets the regulatory requirements for data protection, but also goes beyond them when it is reasonable and necessary. Thus, a number of entities, for example, use a software program for data protection management.

Finally, Diehl maintains a group-wide data protection management system that includes, among other things, technical and organizational measures for data security. Such measures are not only taken systematically, but also on an ad hoc basis where necessary. The measures are of a long-lasting nature and are continuously reviewed.

5.3 SUPPLIER RELATIONSHIPS

- **Responsible procurement is laid down in the Code of Conduct**
- **Sustainability is anchored as a priority of the 2026 purchasing strategy**

The Diehl Group, as an international industrial company, not only undertakes to comply with its own Code of Conduct, but also assumes social and environmental responsibility for the procurement process along the entire supply chain. To further increase supplier awareness, the subject of sustainability has been integrated as a central pillar of the “Procurement Strategy 2026”.

Suppliers are selected on the basis of technical, economic, social and ecological criteria. The decentralized purchasing organizations of the corporate divisions have drawn up generally applicable and, where necessary, industry-specific purchasing guidelines. All suppliers and potential new suppliers are required to recognize the Diehl Supplier Code of Conduct (SCoC). However, if a supplier refuses to do so without being able to present its own suitable code of conduct, which has comparable values and levels of protection, this may result in restrictions on cooperation and even termination of the business relationship. In case of violations of the Supplier Code of Conduct, remedial measures are requested immediately, and audits are carried out where necessary.

Responsible procurement is laid down in the Code of Conduct. Diehl shall take reasonable steps to ensure that critical materials that may be contained in products supplied by Diehl are procured in a responsible manner (i.e. with minimal impact on the environment and without compromising human rights). Diehl is fair and reasonable in its payment practices and pays undisputed and valid invoices on time in accordance with agreed contractual payment terms.

The requirements of the German Supply chain Due Diligence Act have been implemented in the purchasing departments of the Diehl Group. Direct suppliers were evaluated in terms of their human rights and environmental due diligence, the aim being to identify such risks, minimize violations of these and even put a stop to them ([see Chapter 4.2](#)).



5.4 REPRESENTATION OF INTERESTS

- **Diehl makes its political representation of interests transparent**
- **For this purpose, the Diehl Group maintains representative offices in Berlin and Brussels**

As a globally operating technology company, Diehl is committed to contributing its own technical knowledge for the benefit of society to provide concrete solutions to current social challenges. Diehl therefore actively participates in the political opinion-forming process in various organizations, forums, associations and foundations to represent technological and social interests. In doing so, the requirements of customers and stakeholders are taken into account, reputations are strengthened and long-term relationships are built.

Reconciling different interests and presenting reliable information are important factors in enabling elected representatives to weigh up the issues properly and make effective political decisions. The Diehl Group strives to be an honest advisor. In this context, the guiding principle should be to remain in a position to answer questions about one's own actions at all times. Diehl is committed to remaining politically neutral and seeks to engage in dialogue with all relevant democratic political parties without appearing to exert any influence. Political interests are made transparent and statutory requirements such as the national lobby register and the EU transparency register are complied with.

Due to the statutory registration in the German lobby register, Diehl is obliged to comply with the Code of Conduct for Interest Representation within the framework of the Lobby Register Act. The company will also comply with the new requirements arising from the amendment to the German Lobby Register Act as of March 1, 2024. Diehl meets the transparency requirements at EU level by having the political representatives accredited in the transparency register of the EU Parliament.

The representative offices in Berlin and Brussels are the coordinating body for the dialog with national and international politicians and other politically relevant stakeholders along the value chain. These offices ensure that the positions of political stakeholders are in line with the objectives and content of the sustainable business strategy and the Diehl guidelines. The aim is to provide aligned content for political representation of interests across the entire Group and to approach target groups in a coordinated manner, e.g. by holding own events.

The focus of the political representation of interests is determined by the Executive Board in consultation with the representative offices. In 2023, the main focus was on the following topics:

- Climate protection, sustainability
- Finance and insurance sector
- National Renewable Energies Act (EEG), security of supply, industrial electricity
- National / European security issues
- EU-level: Corporate Sustainability Due Diligence Directive (CSDDD), Act in Support of Ammunition Production (ASAP), European Defence Industry Reinforcement through common Procurement Act (EDIRPA), European Defence Industrial Strategy (EDIS), Material Policies, Taxonomy, Net-Zero Industry Act, Heat Pump Action Plan

6 OUTLOOK

The Diehl Group is committed to taking sustainability-related opportunities and further minimizing the environmental and social impact of its business activities in the future. With the introduction of group-wide priorities and the firm anchoring of sustainability principles in the day-to-day business, a key foundation has been laid. In order to make the transformation a success, the Diehl Group will define ambitious, measurable targets for the focus areas and integrate them into the existing reporting lines. On the one hand, this includes regular and systematic engagement with sustainability-related issues at the management and supervisory board level, on the other hand, it also includes engagement in the functional areas of the company. The integration of sustainability targets into the various business units helps to ensure that the topic of sustainability is increasingly incorporated into the daily work of managers and employees. Specific training and employee involvement make sustainability an integral part of our actions and corporate culture – a culture that promotes awareness and responsibility. In doing so, Diehl intends to take advantage of sustainability-related opportunities and develop new business segments. By promoting innovation and developing responsible solutions, the company strives for long-term competitive advantages.

Diehl will continue to make the results transparent and provide regular reports on progress. By engaging in a close dialog with stakeholders, we ensure that we meet expectations, build trust and gradually move towards a more sustainable path. It is therefore important to always look ahead, to question oneself and to look for new opportunities to continue the company's success story.



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