



(e) Mission Zero

The OTTO FUCHS Climate Charter:
Becoming climate neutral until 2045

*"The world will
be what we have
made of it."*

H. J. Fuchs

This motto aptly embodies our company's self-image: We take responsibility for our actions and focus our business activities on the future. Climate protection is an important component of the OTTO FUCHS sustainability strategy. Our Climate Charter spells out the climate targets for our German sites and how we intend to achieve them.



Hans-Joachim Fuchs
(1903–1992)



Zero Emission by 2045 ...

and onward.

*Crafting beyond
the possible.*

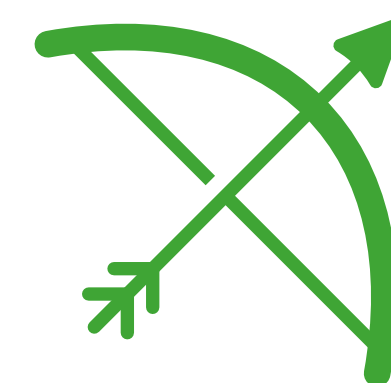




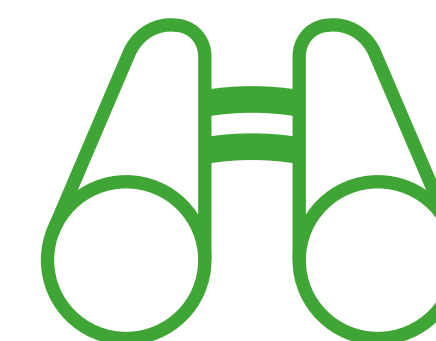
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OTTO FUCHS Climate Charter 2023

1 –

Why OTTO FUCHS

is becoming

Climate Neutral



*Corporate climate neutrality
is no longer a question of **if**,
but of **when**.*

While until a few years ago, emission reduction activities almost exclusively followed the company's own initiative, the pressure from various market players to disclose the climate strategy is now increasing noticeably.



Self-image and corporate culture

Establishing the climate strategy and implementing its measures are an expression of the aspiration by OTTO FUCHS and our shareholders for a sustainable orientation. Sustainability has always been an integral part of our business and with our climate strategy, we continue to consistently align our business model with that future-orientation.

Customer requirements

Our customers' and business partners' requirements in terms of carbon footprints challenge OTTO FUCHS to achieve significant emission reductions. We will meet these requirements through the implementation of ambitious reduction measures and the development of even more sustainable products.

Expectations by the market and the public

The market and the public are increasingly demanding climate-friendly products and business processes. OTTO FUCHS is taking the right decisions today to exploit new business opportunities with even more sustainable products and to secure its future competitiveness. Climate protection is increasingly becoming a business factor that determines the future viability of companies.

Professional greenhouse gas management and a strong commitment

Rather than just looking for a "green label", we are serious about climate protection, which has been on the agenda at OTTO FUCHS for many years. We take on this challenge in the same manner in which we approach all aspects of our business: thoroughly and professionally. The first step in reducing emissions is to know exactly in which processes they arise. We therefore operate a professional greenhouse gas management system that yields comprehensive data and allows high quality greenhouse gas accounting. Furthermore, we are in close contact with our customers and suppliers because it is only in cooperation with them that we can achieve our goals. The same spirit of cooperation applies to our own team: The strong commitment and identification with our goals among the employees and the management are the basis for successfully pursuing the path ahead of us.

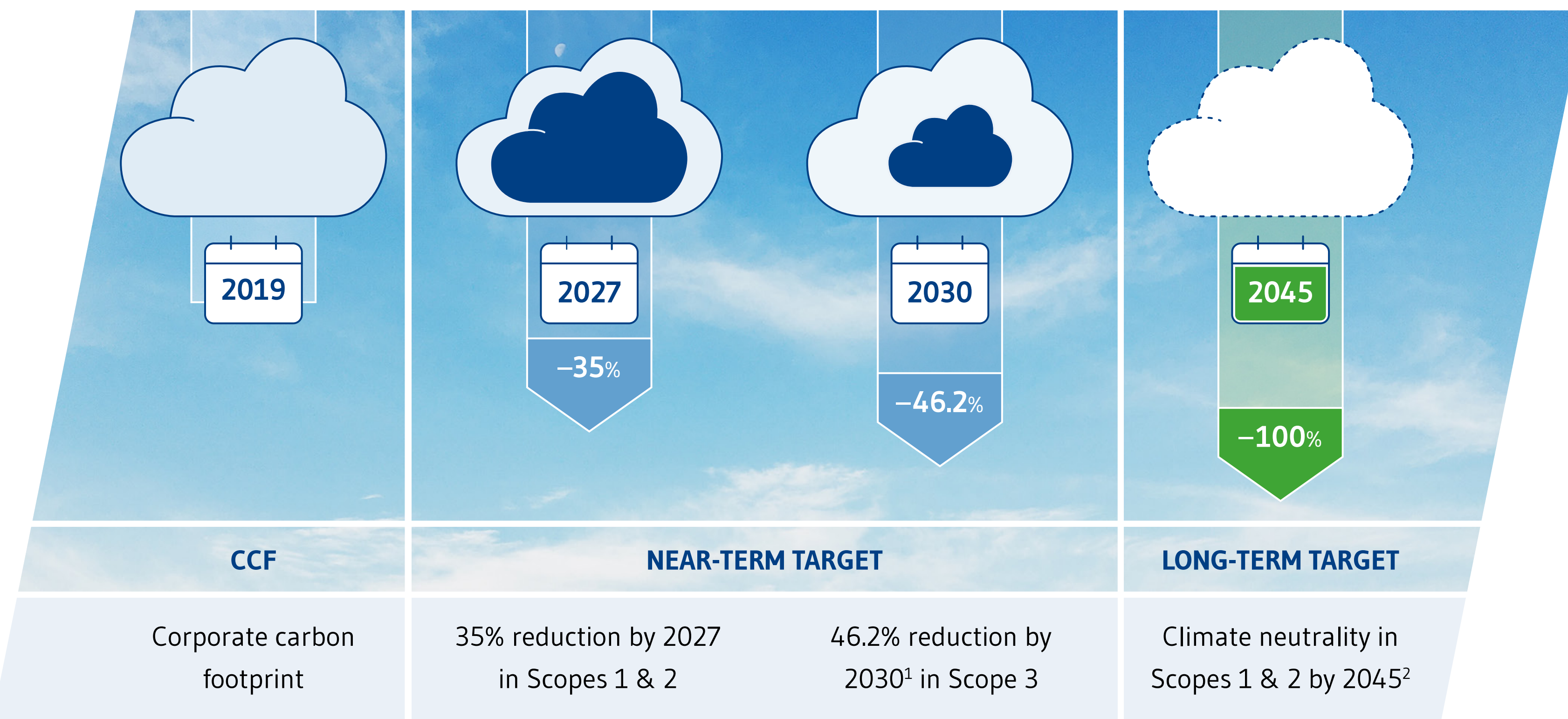
2 –

Our Targets



The right balance between ambition and realism.

We have thought very carefully about our climate targets. They are the result of an intensive analysis process that is in line with the ambitious requirements of the Science Based Targets initiative (SBTi). The SBTi targets aim to reduce emissions to the level that is required to achieve the goal of the Paris Agreement: limiting global warming to 1.5 °C.



1 – according to the Absolute Contraction Approach, covering 67% of all emissions
2 – covering 95% of all emissions

Our climate targets: the most important milestones on the way to climate neutrality

Our focus is on the emissions that occur within our immediate sphere of responsibility, i.e. those within **Scopes 1 & 2**. This is where we have the greatest leverage to achieve emission reductions, and therefore our climate target is particularly ambitious in this area: to achieve a 35% greenhouse gas reduction by 2027 – this even exceeds the SBTi's ambitions. By 2045, we want to achieve climate neutrality for Scopes 1 & 2 and thus to help Germany achieve its national climate goals.

The SBTi goals also inspire our targets regarding indirect emissions in the upstream and downstream value chain (**Scope 3**). Here, we are aiming for a reduction of 46.2% by 2030.



Targets and scopes: Overview

Scopes 1 & 2

The Scope 1 category covers direct emissions from our company's facilities. Scope 2 covers indirect emissions that result from energy-related purchases.

Scope 3

Scope 3 covers other indirect emissions, including those from general suppliers. The target regarding Scope 3 comprises the following categories:

- Scope 3.1: Purchased goods and services: metals
- Scope 3.3: Fuel- and energy-related activities
- Scope 3.4: Upstream transportation and distribution
- Scope 3.6: Business travel
- Scope 3.7: Employee commuting
- Scope 3.8: Upstream leased assets
- Scope 3.9: Downstream transportation and distribution



We chose 2019 as the **base year** for our climate targets. As the last year before the COVID-19 pandemic, it provides the best point of comparison for future emissions.



This system of scopes refers to the methods subsumed in "greenhouse gas accounting". [General information about this can be found here](#), or refer to [page 10](#) for more detailed information on what the scopes specifically consist of at OTTO FUCHS.

3 –

How we plan to meet our climate goals



*The basis of our quest for climate neutrality is a diligent **stocktaking** and **documentation** of our greenhouse gas emissions.*

OTTO FUCHS prepares an annual corporate carbon footprint (CCF), which provides a detailed overview of the company's emissions. The CCF enables a continuous review of our progress on the targeted decarbonisation path. It encompasses the emissions generated in the following plants:



OTTO FUCHS Meinerzhagen



OTTO FUCHS Dülken



OTTO FUCHS Surface Technology





3.1 –

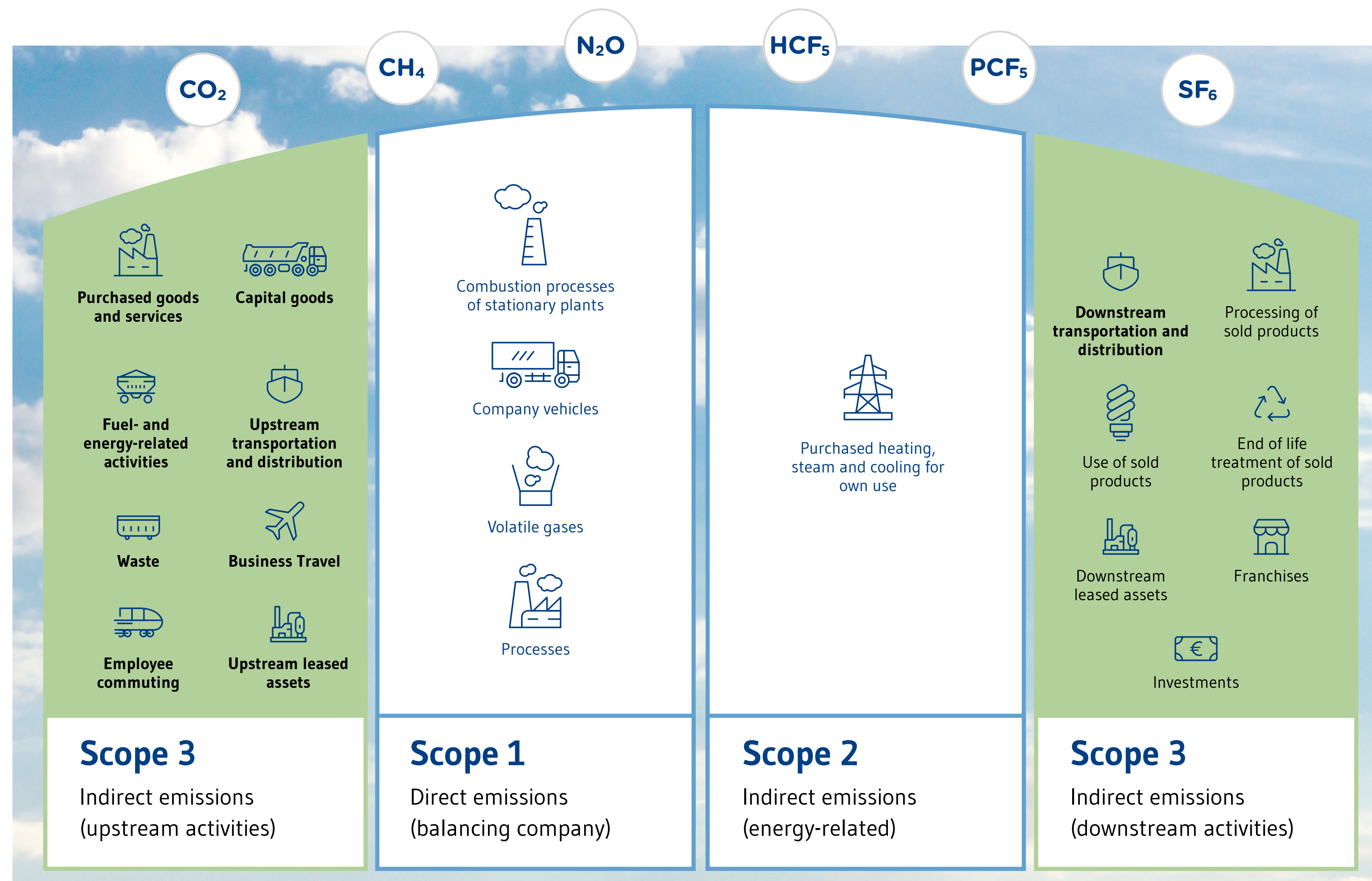
Status quo:

the Corporate Carbon

Footprint

The CCF is prepared according to the accounting standards of the GHG Protocol, the most common and most widely recognised standard for corporate climate accounting worldwide.

While Scope 1 and 2 are within our sphere of responsibility and thus fully accounted for, not all significant Scope 3 categories are covered. Only those in bold face have been identified as relevant for our CCF so far.





Key findings of the carbon footprint



Scopes

Most emissions arise in the **upstream value chain**, especially in metal procurement (Scope 3.1). Reducing these emissions is particularly challenging because they occur outside our direct sphere of influence.

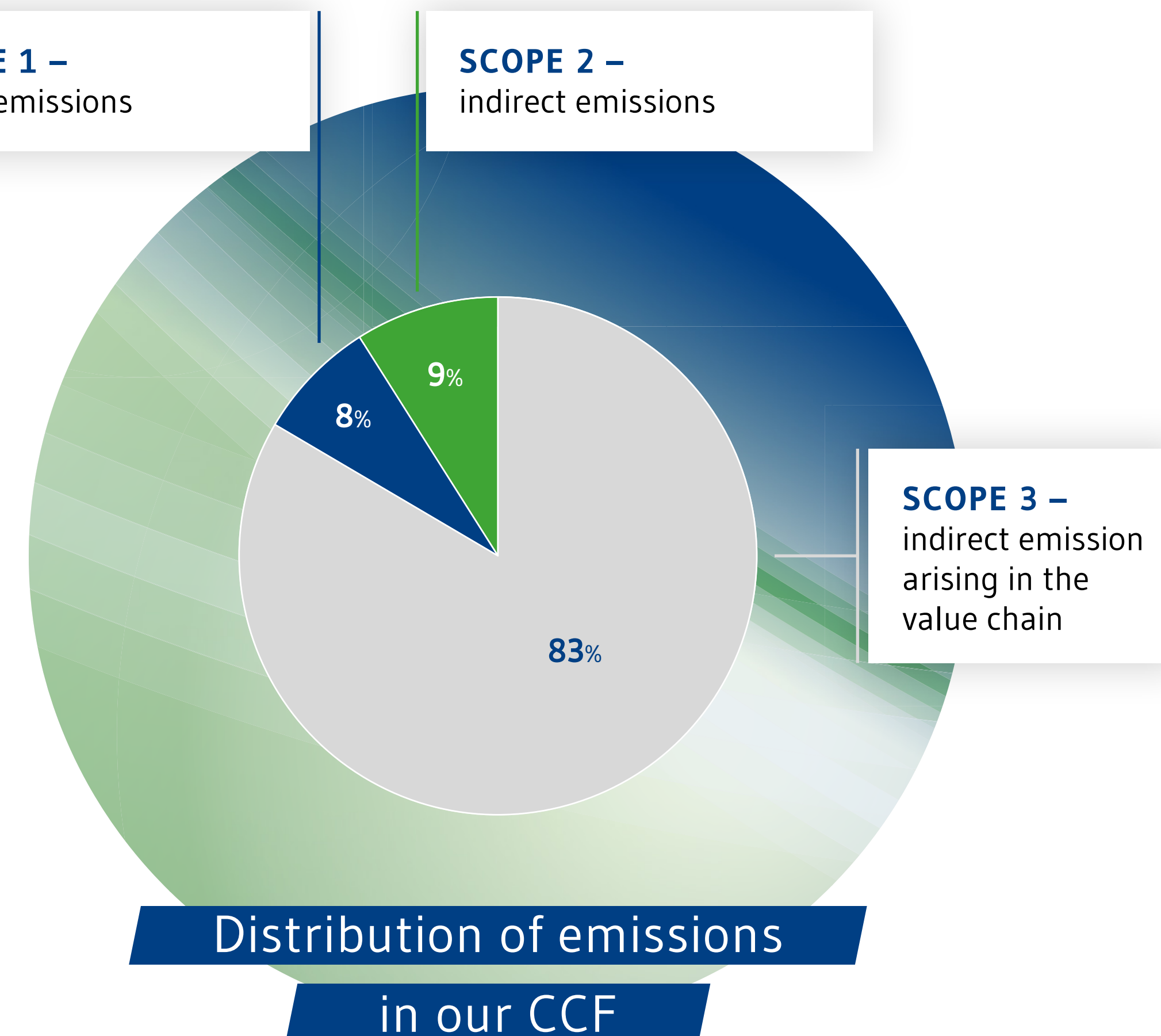
Just under one fifth of the emissions are directly influenced by OTTO FUCHS (Scopes 1 & 2). This is where the company can directly implement reduction measures. Therefore, climate neutrality in Scopes 1 & 2 is a key objective of the climate strategy, despite the modest share of these scopes in the CCF.

“Our key objectives are emissions that we can directly influence.”

SCOPE 1 –
direct emissions

SCOPE 2 –
indirect emissions

SCOPE 3 –
indirect emission
arising in the
value chain





Key findings of the carbon footprint

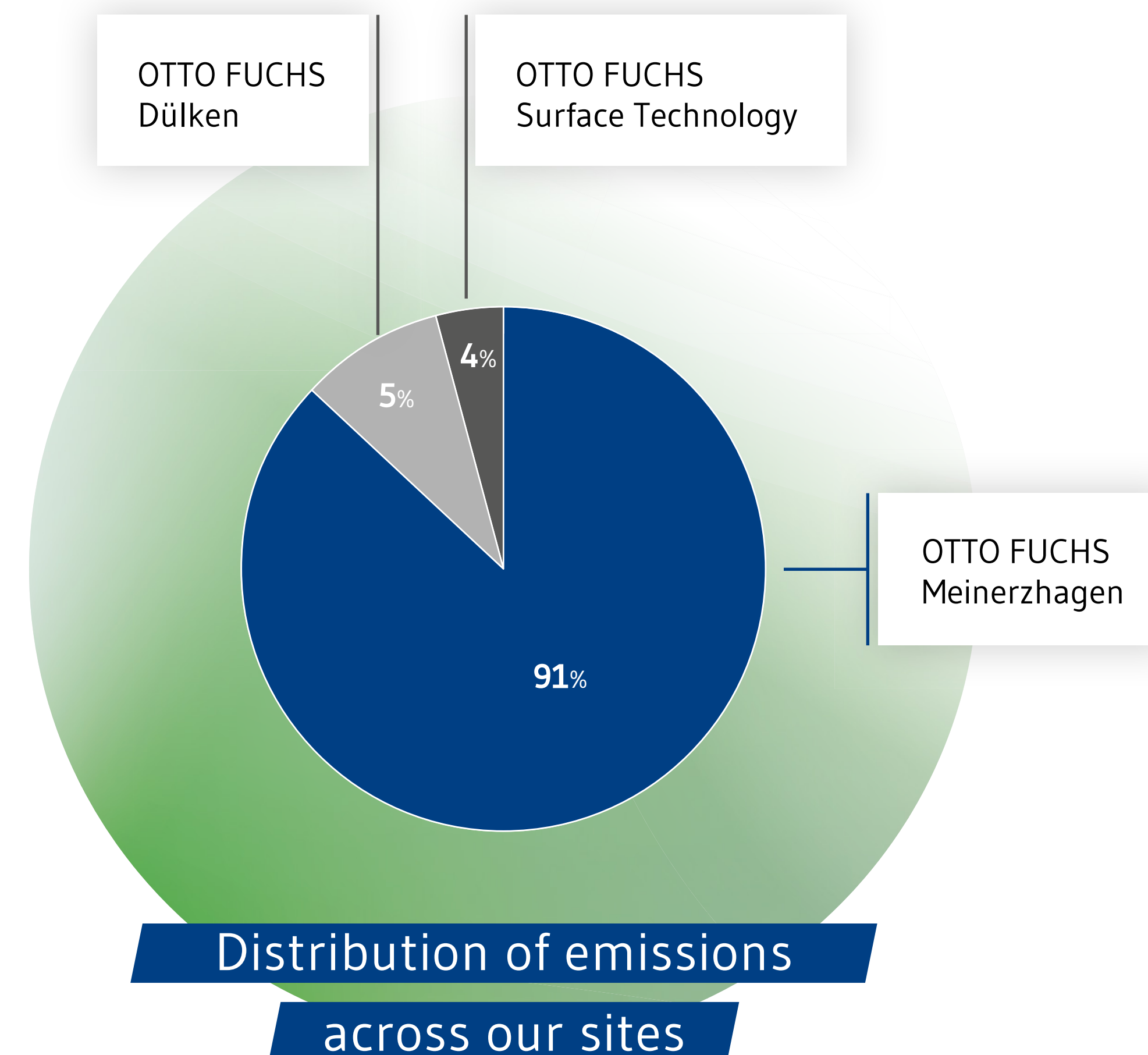


Sites

The **Meinerzhagen** site is responsible for 91% of the emissions. This is due to the energy-intensive production processes and the purchase of aluminium and titanium inputs in particular. Measures that focus on the main plant in Meinerzhagen can therefore already **significantly improve** the CCF of production in Germany.

The other two German sites account for 9% – OTTO FUCHS Dülken for about 5% and OTTO FUCHS Surface Technology for about 4%.³

“Measures focused on our main plant alone can have a significant impact.”



³ – In the reference year, capital goods account for more than a third of emissions at OTTO FUCHS Surface Technology.



Key findings of the carbon footprint

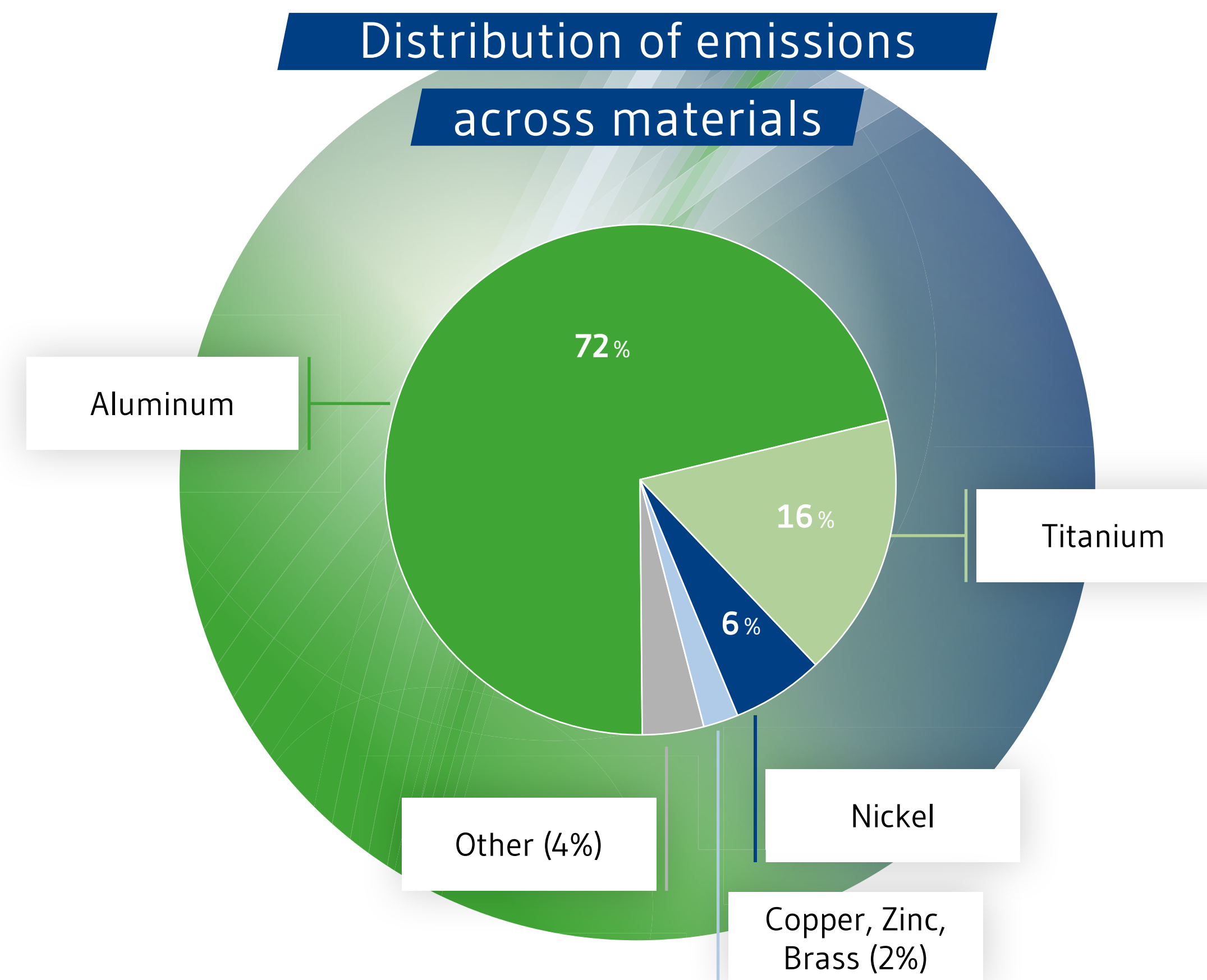


Materials

As expected, **aluminum** causes the most emissions among the purchased materials (about 72% of Scope 3.1 emissions), followed by **titanium** (about 16%) and **nickel** (about 6%).

Copper alloys have a low footprint per amount of processed metal because of their high proportion of secondary material.

Distribution of emissions across materials





3.2 –

Fields of action

and measures

What potential for emission reduction is there, and where is it located? This question was examined at length when we developed our climate goals and strategy.

Five fields of action were identified, each comprising a number of specific **measures**, whose implementation is the key to achieving the climate goals.



Metal procurement



Production



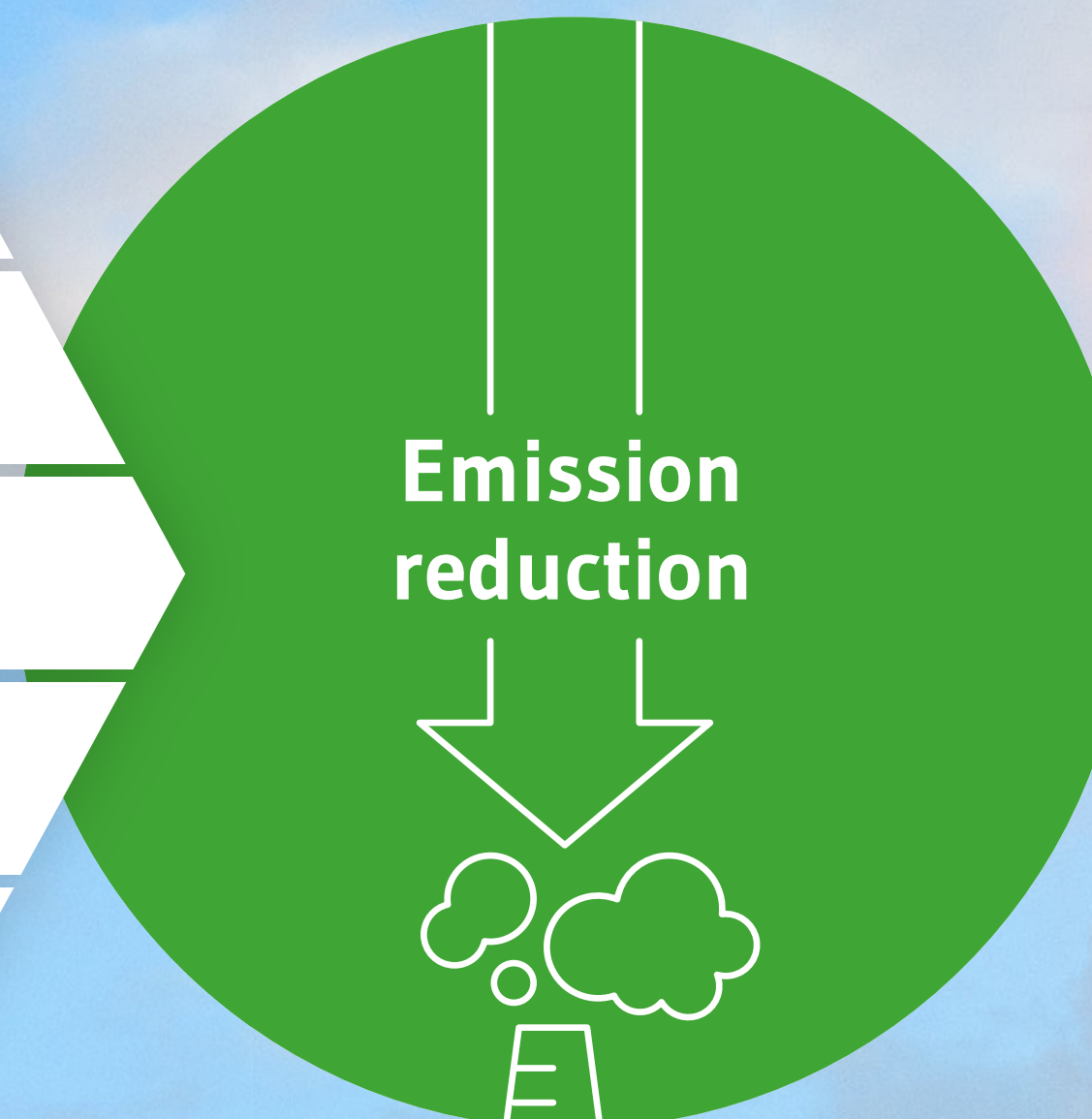
Logistics



Mobility



Corporate transformation





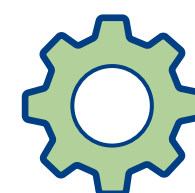
3 – How we plan to meet our climate goals

Fields of action and measures



Metal procurement

In reducing the emissions from the materials purchased by OTTO FUCHS, we are responding not least to customer demand for increasingly climate-friendly materials. Emission reductions in procurement are achieved through dialogue with suppliers to improve the quality of product carbon footprint data for metals and by subsequently sourcing low-carbon products.



Production

This field of action primarily comprises energy consumption for the operation of process and supply technology and thus has a special place among our climate efforts. To approach the ideal of climate neutral production, OTTO FUCHS is looking to reduce its use of fossil fuels wherever possible. To this end, we strive to continuously increase energy efficiency and to convert process and supply technology to climate neutral energy sources. The focus of the transformation is on the recovery of (unavoidable) waste heat, the electri-

fication of process technology, e.g. using electric furnaces, and heat supply by means of (large-scale) heat pumps. Planning to use roof and car park areas for the installation of photovoltaic systems, OTTO FUCHS will be able to generate part of its energy locally and renewably. Furthermore, through research & development OTTO FUCHS strives to contribute to efficient and climate neutral production, to continuously improve the production facilities and to enable the switch of energy sources.



3 – How we plan to meet our climate goals

Fields of action and measures



Logistics

Regarding logistics, particular focus is placed on the emission sources under our immediate influence (Scopes 1 & 2) – the company's own vehicles. We are continuously examining the potential for making internal logistics more climate-friendly. For example, for transport between the sites, we are planning to switch to battery-electric vans. In addition, there is an ongoing dialogue with logistics service providers with the aim of soon being able to ensure emission-free transport also in the upstream and downstream value chain.



Mobility

In the field of mobility, OTTO FUCHS is pursuing various approaches to reduce emissions from business trips and employee commuting. A major measure will be the gradual conversion of the company's carpool to battery-electric vehicles. Also, employees will be able to work from home whenever permitted by their jobs. To avoid long commutes, co-working spaces have been set up in Dortmund for the Meinerzhagen location. We are constantly expanding our offers for climate-friendly employee mobility – for example, bicycle leasing has been introduced at the Meinerzhagen and Dülken sites. The Meinerzhagen site also runs a carpooling app that facilitates ride sharing and thus reduces commuting by car. Regarding business travel, a key measure is to revise the travel guidelines with a view to giving preference to climate-friendly mobility.



Corporate transformation

The field of corporate transformation refers to emission reductions to be achieved at a higher level, specifically through changes in the business model, the product range, the corporate culture, etc. Various measures have been identified in the area of political and industry association relations, as well as innovation management. In addition, OTTO FUCHS is planning to anchor the topic of climate protection even more firmly throughout the company by offering additional training for employees and encouraging them to make suggestions regarding further emission reductions.

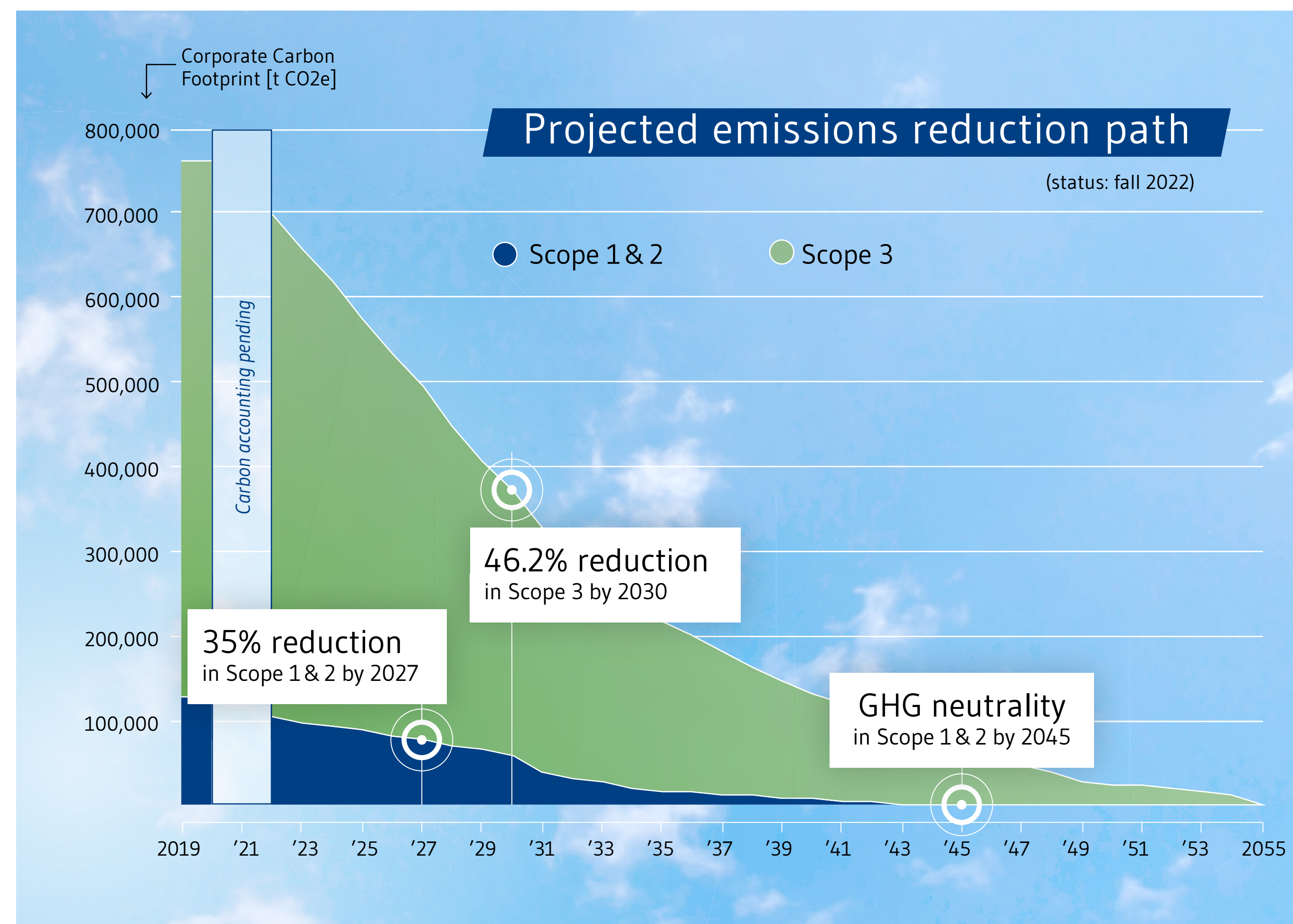


3.3 –

Reduction path

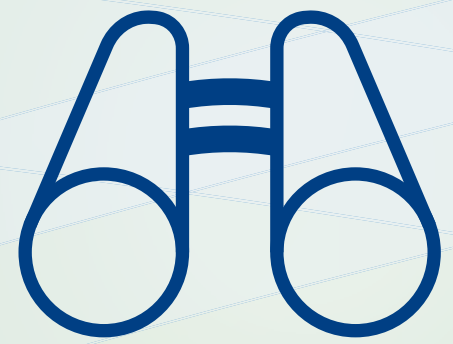
The central element of the climate strategy is the reduction path. It is the result of an ongoing, well-founded process of **site-specific calculations**, **potential analyses and forecasts**, and it shows the possible future decline of the CCF.

Reflecting a long time horizon and complex influences, the reduction path is a dynamic structure: The curve depends on external (market) developments as well as on actions by OTTO FUCHS – and is therefore fluid. Accordingly, the measures must also continue to be developed over time.



4 –

Outlook



Where do we go from here?

As already described, our goal of climate neutrality requires a dynamic and long process which OTTO FUCHS must consistently drive forward.



Where do we go from here?

- The climate strategy for the German sites is **only the beginning**. Future versions of the climate strategy will soon also incorporate the international sites.
- The aim is to steadily improve the quality of the CCF data. The more accurately the emission sources are identified, the more **targeted reduction measures** can be developed.
- The continuous improvement of the measures is subject to the **prevailing possibilities** and **framework conditions**.
- The **dialogue with customers**, for example regarding standardising the accounting methodology, will be intensified.
- Even prior to reaching its climate goals, OTTO FUCHS would like to offer its customers **low-carbon products**. To this end, we have initiated the emissions balancing of the first product groups (wishbones and wheels) already in 2021. The practice will soon be extended to other product groups. For the future, we plan to offer ever more sustainable products that are manufactured from low-carbon inputs and using green electricity, besides other qualities that underline the sustainability of our products.



Rooted in 100+ years of history ...
on the road to zero emissions ...
and onward.

*Crafting beyond
the possible.*



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