RWS

Ignition Technology since 1886

Sustainability Report 2023



www.rws-technology.com

Dear interested parties of our 2023 sustainability report,

RWS GmbH develops and produces top-quality ammunition, ammunition components and pyrotechnic elements for hunting and sports, the military and law enforcement, and for industrial applications.

We are proud of our market position in small calibre ammunition and pyrotechnic elements and components, and as a leading innovator in heavy-metal-free ignition elements and special applications. We also set new standards in the civil, military and government sectors. This is possible because safety, precision and environmental compatibility are our top priorities.
We are pleased to present our sustainability report for the year 2023. In it, we would like to inform you about our progress and initiatives in the area of sustainability and give you an insight into our commitment to environmental, social and economic issues. We are aware of the responsibility we bear as a company towards society and the environment. That is why we are continuously committed to developing and implementing sustainable solutions.

We take this idea into account, for example, by continuously improving the use of energy in our company through the systematic and economical use of raw materials and resources. Our goal is the active and sustainable reduction of greenhouse gas emissions, pollutants and other negative impacts. In addition, our organisationally anchored management system guarantees a continuous improvement process and is the foundation of a resilient and future-oriented corporate culture.
In this report, we set out the goals we have achieved by 2023 and the challenges that still lie ahead. It contains information on the measures we have taken to reduce our environmental footprint, promote social justice and ensure the long-term economic success of our company.

We thank you for reading this report carefully. Your suggestions are of great importance to us as we continue to develop and improve our sustainability strategy. verbessern.

Dirk Prehn
Vorsitzender der Geschäftsführung

Christian Lutz
Geschäftsführung

Roy Walsh
Human Rights Officer

In the present Sustainability Report 2023, for reasons of simpler language, and without any intention of discrimination, some gender-specific designations are used. In principle, this includes all genders.

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A. Strategie and Governance

1. General requirements

The tasks of companies are becoming increasingly diverse. In addition to long-standing influencing factors, such as changing customer requirements or changes in the markets, other important aspects have increasingly come to the fore in recent years.

Topics such as respect for human rights in the value chain, the sustainable use of the limited resources available to us, and a focus on climate-neutral business practices are becoming more and more important.

Even though these issues have always been part of RWS GmbH's values, the tasks involved are expanding, as evidenced by additional regulatory requirements for disclosing companies' activities in these areas. By way of example, reference is made here to the first report on the Supply Chain Due Diligence Act (LkSG), which was published for the year 2023. In addition, investors are showing more and more interest in companies' initiatives on these increasingly market-relevant aspects.

2. Business conduct

RWS GmbH is also aware of the responsibility it has in the area of sustainability, which is brought to it by its stakeholders, as well as by the markets and society. This is why, in addition to the LkSG report for 2023, it is also preparing a sustainability report for the first time for 2023 and presenting its activities.

2.1 **Monitoring risk management and management accountability**

Various responsibilities for monitoring risk management in the company have been defined for the 2023 reporting period.

Company-wide risk management is monitored by the CFO, Christian Lutz, and presented in the management report.

As part of LkSG risk management, various internal roles have been defined to ensure holistic implementation.

Mr Roy Walsh, Compliance Officer, was appointed as the human rights officer of RWS GmbH with effect from 1 January 2024. His responsibilities include the holistic monitoring of LkSG risk management.

In addition, the management has established a reporting process that ensures, in accordance with Section 4 (3) LkSG, that it is regularly informed – at least once a year – about the work of the persons responsible for monitoring risk management – as part of the monthly management meeting.

The Human Rights Officer is responsible for this reporting, if necessary with the support of other relevant departments such as Compliance, Supply Chain Management or HR. The Human Rights Officer informs the management immediately of any risks that arise ad hoc.

2.2 Policy statement on the human rights strategy

Respect for human rights is a fundamental part of the value system of RWS GmbH, which is aware of its responsibility for this. To make this transparent and clear both internally and externally, a declaration of principles based on the risk analysis carried out was created and published on the homepage on 1 January 2024.

In addition, the policy statement was communicated to all employees of RWS GmbH and the works council via the intranet on 1 January 2024.

The policy statement is available in German and English on the RWS website and can therefore be viewed both internally and publicly. It can be accessed via the following link:

https://www.rws-technology.com/resources/public/user_upload/Downloads/231217_RWS_Grundsatzerklaerung_Menschenrechte_DE_final.pdf

The policy statement addresses the following aspects:

- Establishment of a risk management system
- Annual risk analysis
- Incorporation of preventive measures in your own business sector, for direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Remedial measures in your own business sector, for direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Provision of a complaints procedure in your own business area, for suppliers and their effectiveness
- Documentation and reporting requirements

- Description of the identified priority risks
- Description of human rights-related and environmental expectations of own employees and suppliers

As this is the first publication of the policy statement, no updates have been made since the previous year.

2.3 **Anchoring the human rights strategy within its own organisation**

To ensure the implementation of the human rights strategy, it was embedded in all the relevant areas of the organisation.

The following areas were evaluated:

- Supply Chain Management /
- Purchasing
- HR
- Compliance
- Quality Management
- Sustainability / ESG
- Executive Management

All LkSG-relevant operationalisations were anchored in processes. To do this, responsibilities were defined from the various specialist departments and recorded in a RACI matrix (Responsible, Accountable, Consulted, Informed).

This ensured that the corresponding tasks were both defined and communicated, and accepted by those responsible.

All LkSG-relevant operationalisations were incorporated into processes for implementation in business workflows. To do this, LkSG-relevant aspects and criteria were added to some existing processes, while new processes were created.

All process developments and adjustments were carried out with the LkSG core team and selected representatives of the respective departments to ensure LkSG compliance.

An internal project team was set up for the implementation, consisting of experts from the relevant departments. The team was also supported by external consultants. During the implementation, RWS GmbH always followed the guidelines of the BAFA.

Finally, the modified processes were communicated to all those affected.

2.4 **Communication of the results**

The results of the risk analysis(s) for the reporting period were communicated internally to the members of the management team.

This includes the management as well as the management of SCM / Purchasing, HR and Operations.

2.5 **Changes in risk disposition**

RWS GmbH carried out a review of the LkSG's due diligence and the associated risk analysis of possible human rights violations and possible environmental impacts for the first time for the 2023 reporting year. Therefore, there have been no changes in priority risks compared to the previous reporting period.



B. Complaints procedure

1. Establishment of or participation in a complaints procedure

For the reporting period, RWS GmbH has offered a complaints procedure in the form of a separate process. Complaints and information can be submitted at any time via the secure, electronic Integrityline whistleblower system and are processed immediately. The system can be accessed at: https://rws.integrityline.app



The system is available in German and English and ensures that reports are handled confidentially. The reporting office accepts information and complaints from both employees and external parties, e.g. employees, customers, suppliers or other third parties.

In addition to the electronic whistleblower system, complaints can also be submitted by post.

As soon as a complaint or report has been received, the whistleblower – provided the contact details are available – will receive a confirmation of receipt within seven days at the latest.

During the entire process, RWS remains in contact with the whistleblower if this is desired and contact details are available. Complaints or reports received are first thoroughly checked to clarify whether the reported facts constitute a human rights or environmental risk or a violation of human rights or environmental obligations.

If there is initial suspicion of relevant misconduct, an internal investigation is carried out to clarify the report. The aim is to review the facts as effectively and efficiently as possible, to understand them and to objectively confirm or refute them.

An internal investigation is conducted directly by RWS Compliance or is coordinated by RWS Compliance with the relevant departments and, if necessary, the management. As part of a scheduled internal investigation, dialogue with the whistleblower may also be sought in order to clarify any questions. The results of the internal investigation are documented in a written report and, based on these, appropriate measures are recommended with responsible parties and a timetable.

Measures may be preventive in nature, or they may take the form of corrective action or sanctions. The reporting person will generally be informed within three months of receipt of the confirmation of receipt (provided that the reporting person's contact details are available). Feedback will only be provided to the extent that it does not affect internal investigations and does not infringe upon the rights of the persons concerned.

The complaints procedure is open to interested parties:

- Own employees
- Communities near own locations
- Employees of suppliers
- External stakeholders such as NGOs, trade unions, etc.
- Other

Access to the complaints procedure for the various groups is ensured by:

- Publicly accessible rules of procedure in text form
- Information on how to contact the organisation
- Information on the organisation's jurisdiction
- Information on the process
- All information is clear and comprehensible
- All information is publicly accessible

The rules of procedure for the reporting period were uploaded to the RWS GmbH website and were thus publicly available.

They can be accessed via the following link:
https://www.rws-technology.com/resources/public/user_upload/Downloads/231217_Verfahrensordnung_zum_Beschwerdeverfahren_gemaess_8LkSG.pdf



2. Requirements for the complaints procedure

An internal investigation is conducted directly by RWS Compliance or is coordinated by RWS Compliance with the relevant departments and, if necessary, the management. RWS Compliance can be reached at:

Roy Walsh
Compliance Officer
Kronacher Straße 63
90765 Fürth / Germany
E-Mail: compliance@RWS.com

RWS GmbH guarantees that the criteria for those responsible as set out in Section 8 (3) LkSG are met, i.e. that they offer a guarantee of impartiality, are independent and not bound by instructions, and are bound to secrecy.

Furthermore, it is confirmed that precautions have been taken for the reporting period to protect potential participants from disadvantage or punishment as a result of a complaint. This is achieved by ensuring that all channels handle reports confidentially. The electronic whistleblower system allows a mailbox to be set up through which the whistleblower can communicate with the compliance department while maintaining the confidentiality of their identity.

In addition, precautions have been taken to protect whistleblowers through further measures.

Provided that the whistleblower is acting in good faith, i.e. has a well-founded suspicion, reporting violations or suspicious cases must not result in any disadvantage for the whistleblower, even if a suspicion proves to be unfounded. Direct or indirect retaliation for a (suspected) report will not be tolerated and constitutes a violation that can be reported. This also applies to the threat or attempt of retaliation.

It is also a violation for a person to hinder the submission of a report, or to impede or prevent the clarification of a report.

All information, such as personal data and other information that could be used to determine the identity of the reporting person, will be treated confidentially.
This also applies after the conclusion of the proceedings.

3. Implementation of the complaints procedure

The complaints procedure was available for the entire period for the 2023 reporting year. No indications were received during this period.

C. Risk management review

Risk management is regularly reviewed in terms of its appropriateness and effectiveness as part of the risk analysis.

This review is carried out in particular in the following areas of risk management:

- Prevention measures
- Remedial measures
- Complaint procedure

The audits conducted for each area and the resulting findings – particularly with regard to the prioritised risks – lead to appropriate measures and actions:

Preventive and curative measures:
The appropriateness and implementation of the measures is reviewed at regular meetings (exchange and update regarding LkSG efforts at suppliers with all strategic buyers). If necessary, corresponding controls (audits) are derived from this and their effectiveness is documented.

Complaints procedure:
RWS is committed to continuously improving its procedures for whistleblower reports and internal investigations. To this end, usage data, experiences and constructive feedback from the whistleblower process are used at least annually, or as needed.

Dieser iterative Prozess führt zur laufenden Optimierung der Risikoanalyse und This iterative process leads to the continuous optimisation of the risk analysis and permanent improvement of the results.

The existing processes and measures ensure that the interests of employees, employees within the supply chain and those who may otherwise be directly affected in a protected legal position by the economic activity of RWS GmbH or by the economic activity of a company in the supply chain of RWS GmbH are adequately taken into account in the establishment and implementation of risk management.

The processes and measures for taking into account the interests of those potentially affected can be found in particular in the publicly and anonymously accessible complaints procedure, which is integrated into the risk management system.

The RWS complaints procedure is an anonymised, confidential point of contact that is offered to all RWS employees and external parties as an additional communication channel. This means that concerns or indications of possible violations of human rights and environmental due diligence can also be raised anonymously, thus taking into account the interests of those affected.

We investigate all reports on the basis of binding internal regulations. A defined procedure is used to regularly report to management on all reports and the respective investigations. RWS does not tolerate discrimination against anyone who contacts us through the RWS Integrityline or other communication channels.

D. Environment

In 2023, RWS GmbH began to summarise existing data on the company's environmental impact in a sustainability report. In doing so, we followed the ESRS (European Sustainability Reporting Standards) structure, on which the CSRD (Corporate Sustainability Reporting Directive) is based.

1. E1 – climate change

In 2023, GHG (greenhouse gas) emissions were determined for RWS GmbH for the first time.

Scope 1 GHG (absolute value and percentage reduction compared to the base year):
Die RWS GmbH erzeugte im Berichtsjahr 2023 Scope 1 GHG im Höhe von 80.854 GJ. In the reporting year 2023, RWS GmbH generated 80,854 GJ of Scope 1 GHG. This is based on the values of the two plants in Fürth and Sulzbach-Rosenberg. Since 2023 is the first reporting year, no comparison with the previous year can be shown.

Scope 2 GHG (electricity consumption, electricity mix):
In the reporting year 2023, RWS GmbH generated 66,683 GJ of Scope 2 GHG. The purchased electricity mix consisted mainly of conventional power generation. This is based on the values for the two plants in Fürth and Sulzbach-Rosenberg. Since 2023 is the first reporting year, no comparison with the previous year can be shown.

Scope 3 GHG:
The collection of data on Scope 3 GHG was still in the process of being established in the 2023 reporting year.

2. E2 –environmental pollution

Emissions into the air by pollutant have been determined internally so far and will be included in the sustainability report for the first time for the 2023 reporting year.

RWS GmbH generated the following pollutant emissions into the air in the 2023 reporting year:

particulates:	52,0 kg p.a.	Lead:	4,0 kg p.a.

As these data will be published for the first time in the 2023 report, no comparison with the previous year can be shown.

Emissions to water by pollutant [+ by sector/geographic area/source type/site]:

Pollutant emissions into the water could be avoided by taking appropriate measures.

Emissions to land by pollutant [+ by sector/geographic area/source type/location]:

Emissions of pollutants into the soil were avoided by taking appropriate measures.

To avoid potential environmental damage, RWS GmbH has implemented processes that ensure that substances of concern are only handled and used under controlled conditions and in compliance with all safety measures.

In 2023, the following total quantities of substances of concern, which arise during production, were used or procured, broken down by main hazard classes of substances of concern:

Year 2023	Consumption	Receipt or production
Antracene	108,9 kg	0,0 kg (E)
Lead	2.807,6 t	1.725,2 t (E)
lead nitrate	17,1 t	14,0 t (E)
lead styphnate	18,0 t	18,0 t (E)
boric acid	22,5 kg	0,0 kg (E)

3. E3 – Water & Marine Resources

In the reporting year 2023, RWS GmbH consumed the following volumes of water:

Consumption:	133.328 m^3

The returned volumes were treated and cleaned in the internal treatment plant so that they could be returned to the natural cycle.

As this data is being published for the first time for the 2023 reporting year, no comparison with the previous year can be provided.

4. E4 – Biodiversity & Ecosystems

RWS GmbH did not interfere with biodiversity or ecosystems, so this area does not represent a material issue.

5. E5 – Resource utilisation & circular economy

RWS GmbH introduced mainly biological and recycled materials into the circular economy.

The total waste generated was divided into non-hazardous waste, hazardous waste and their disposal, and reused and recycled waste.

RWS GmbH generated the following waste in the reporting year 2023:

Total waste:	5.727,64 t
non-hazardous waste:	5.081,20 t
hazardous waste:	646,44 t

Non-hazardous waste:	5.081,20 t
of which recycled waste:	5.081,20 t
Elimination:	0,00 t

Hazardous waste:	646,44 t
of which recycled waste:	646,33 t
removal:	0,11 t

As these data will be published for the first time in the 2023 report, no comparison with the previous year can be shown.

E. Environment

1. S1 – own staff

1.1 Procedure, approach and results of the risk analysis

During the reporting period, a regular risk analysis was carried out to identify, assess and prioritise human rights and environmental risks.

This risk analysis was carried out for both direct suppliers and for our own business area. It was carried out for the first time for RWS GmbH for the period 01/01/2023 – 31/12/2023.

This risk analysis will continue to be carried out at least once a year in order to update and monitor risks in the supply chain.

In an initial step, all suppliers and the company's own business area were examined in an abstract risk analysis for human rights and environmental issues. To do this, selected international indices were used and both country and product group risks were considered. Based on the results, suppliers are categorised as having a ‘low’, ‘medium’ or Suppliers with a resulting ‘medium’ or ‘high’ overall risk are included in the specific risk analysis. The specific risk is determined on the basis of self-reporting using the LkSG supplier questionnaire, proof of compliance with audit-based standards and certificates, and knowledge gained from the supplier relationship, as well as on the basis of their weighting and prioritisation. On the basis of the specific risk resulting from this, additional individual measures can then be implemented.

No event-driven risk analyses were carried out during the reporting period, as RWS GmbH was not aware of any possible violations in its own business area or in the supply chain during this time. Furthermore, the risk landscape (production, supply chain) has not changed.

No risks were identified for our own business area as part of the risk analysis. Potential risks were identified for direct suppliers as part of the risk analysis. These relate to the areas of disregard for occupational safety and health and work-related health hazards, and the destruction of natural resources through environmental pollution. To this end, appropriate individual measures were implemented with the suppliers.

No risks were identified for indirect suppliers in the risk analysis.

The risks identified in the reporting period were weighted and, if necessary, prioritised on the basis of certain appropriateness criteria. The following were defined as appropriateness criteria in the company's own business area:

- the nature and scope of their own business activity,
- their own ability to exert influence,
- the expected extent of the violation according to degree, the irreversibility of the violation and the number of those affected, and
- the probability of occurrence.

The same appropriateness criteria were used to weight and, if necessary, prioritise supplier risks. There, too, risks were prioritised on the basis of the following criteria:

- Typically expected extent, irreversibility and probability of the violation occurring
- Type of causation contribution of our company
- Type and scope of the supplier's business
- activity and Influence of our company on the direct cause of the violation or risk.

Violations of the prohibition of child labour, torture, forced labour and slavery are considered particularly serious and irreversible violations. These violations are given high priority.

After that, the main focus is on hazards that consistently affect a large number of people, such as violations of occupational safety and health regulations, wage discrimination, and the creation of harmful soil, air and water pollution.

Suppliers from high-risk countries are given priority when it comes to prioritisation.

No risks were prioritised in our own business unit during the reporting period, as there was no evidence of violations of the above-mentioned prohibitions.

1.2 **Preventive measures in your own area of business**

As a key preventive measure to avert and minimise the priority risks in our own business area, the implementation of training.

As part of this measure, all RWS employees will receive training on the human and environmental legal obligations of the LkSG via a web-based learning platform during the 2024 financial year.

Managers from HR, QM and Compliance will also be trained on LkSG-relevant processes in their respective departments and informed about the specific significance of the LkSG for them.

Strategic purchasing employees also receive training in a workshop on the relevant anti-corruption compliance processes and how to use the anti-corruption supplier questionnaire, for example.

The training is appropriate and effective because it is made accessible to all employees and can be completed in a very short time (20 minutes).

1.3 Determining violations and taking corrective action within one's own area of business

During the reporting period, no violations were detected in the company's own business area.

Violations in the company's own business area can be detected by various procedures.

These can be found in particular in the complaints procedure. In addition, both ad hoc and regular risk analyses are carried out. In addition, there are also indications in the communication within the risk management system.

2. S2 – labour in the value chain

2.1 Preventive measures for immediate suppliers

The development and implementation of suitable procurement strategies and purchasing practices were defined and implemented as preventive measures for the reporting period to prevent and minimise the priority risks among direct suppliers.

To this end, all processes relating to supplier management were supplemented by LkSG-relevant criteria following a gap analysis. A process for reviewing the abstract and, if necessary, specific risk score of suppliers was added.


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Delivery times, purchase prices or the duration of contractual relationships were not influenced by these implemented measures.

To this end, all processes relating to supplier management were supplemented by LkSG-relevant criteria following a gap analysis. A process for reviewing the abstract and, if necessary, specific risk score of suppliers was added. Delivery times, purchase prices or the duration of contractual relationships were not influenced by these implemented measures.

The processes for procurement strategy and purchasing practices are designed to avoid business relationships with suppliers that pose a risk or to minimise or eliminate the risks in cooperation with the supplier. The following measures have been implemented to ensure this:

- Integration of expectations into the supplier selection process,
- obtaining contractual assurances for compliance and implementation of expectations along the supply chain, and
- agreement and implementation of risk-based control measures.

In order to minimise the identified risks of 'disregard for occupational safety and work-related health hazards' and 'destruction of the natural basis of life through environmental pollution' among direct suppliers, the above-mentioned preventive measures have been implemented as a precaution. The expectations of direct suppliers are formulated in the Code of Conduct for Business Partners and the supplier qualification form. Assurance of compliance with the requirements is part of the qualification of strategic suppliers.

No risks were prioritised for direct suppliers during the reporting period.

This is based on the evaluation that there was no evidence of violations of the above prohibitions by direct suppliers during the reporting period.

2.2 Preventive measures for indirect suppliers

The development and implementation of appropriate procurement strategies and purchasing practices were defined and implemented as preventive measures for the reporting period to prevent and minimise the priority risks at indirect suppliers.

The Code of Conduct for business partners and the supplier qualification process require compliance with the human rights and environmental protection mentioned in the LkSG. This includes the obligation of direct suppliers to ensure this in their supply chain as well.

No risks were prioritised for direct suppliers during the reporting period.

This is based on the evaluation that there was no substantiated knowledge of risks among indirect suppliers during the reporting period.

The measures taken are appropriate, as there is no direct influence on indirect suppliers.

2.3 Detection of violations and remedial action by immediate suppliers

Various procedures can be used to identify violations by direct suppliers.

These are found particularly in the complaints procedure. In addition, both ad hoc and regular risk analyses are carried out. These are supplemented by indications in the communication within the risk management system.

No violations by direct suppliers were identified during the reporting period.

2.4 Detection of violations and remedial action by indirect suppliers

In particular, the complaints procedure can be used to identify violations at indirect suppliers. There were no reports of such violations at indirect suppliers during the reporting period.

The evaluation is based on these points, and there was no substantiated knowledge of violations at indirect suppliers during the reporting period.

2.5 S3 – affected communities

RWS did not engage in any activities that adversely affected or endangered affected communities, so this area does not represent a material issue.

2.6 S4 – Consumers and end users

RWS GmbH did not carry out any interventions that would have affected or endangered consumers or end users, so this area does not represent any materiality.



RWS

Ignition Technology since 1886



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