

Sustainability Report ALW INDUSTRY, s.r.o.

2024



Foreword



1. COMPANY INFORMATION

ALW INDUSTRY, s.r.o. was founded in 1994. We place strong emphasis on quality, innovation, and sustainable development, and thanks to modern technologies, international certifications, and investments in education, we continuously adapt to market developments.

The company's primary objective is to maximize profit and corporate value; however, we remain committed to a responsible approach to the environment, ethical business practices, and the development of long-term relationships with our partners.

ALW INDUSTRY, s.r.o. is a Czech company specializing in high-pressure die casting and the production of components made from aluminum and magnesium alloys. We supply customers in Europe, America, and Asia, primarily in the automotive industry. We use modern technologies such as Thixomolding®, CNC machining, powder coating, and vacuum metallization. Since 2015, we have also operated our own tool shop.

The company holds the EN ISO 14001:2004 certification for environmental management and the IATF 16949:2016 certification for system and quality management, which enables us to cooperate with leading manufacturers such as Valeo, Mitsubishi Electric, Koito, ZKW, and Hella.

1.1 Company History

ALW INDUSTRY, s.r.o. was founded in 1996 as a Czech manufacturer specializing in high-pressure die casting. Over time, the company expanded its technologies, certifications, and production capacities. In 2015, it strengthened its position through the acquisition of DOR Ltd. and the establishment of a tool shop in Olomouc. In recent years, the company has focused on innovation, including the serial production using Thixomolding®.

Timeline:

1996–1998: Start of high-pressure die casting production.

2006–2008: Introduction of surface treatments (powder coating, metallization), certification ISO/TS 16949:2002, start of CNC machining, and certification EN ISO 14001:2004.

2015–2018: Acquisition of DOR Ltd., establishment of the tool shop, and certification IATF 16949:2016.

2021–2023: Start of serial Thixomolding® production and the transformation of DOR Ltd. into ALW Slovakia, s.r.o.

1.2 Company Position and Strategy

The strategy of ALW INDUSTRY, s.r.o. focuses on strengthening and stabilizing its position in the European market in the field of high-pressure aluminum die casting, particularly for the automotive industry. In response to rising energy costs, the company has in recent years been pursuing a sustainable transformation of its operations, securing key functions, and increasing production efficiency. We continue to develop our technologies while enhancing quality, flexibility, and environmental responsibility.

1.3 The Company in Numbers and Context

ALW INDUSTRY, s.r.o. supplies its products not only to the domestic market in the Czech Republic, but also to a number of countries, including Germany, The United Kingdom, Austria, France, Poland, The United States and Mexico.

ALW INDUSTRY, s.r.o. in numbers	Unit	2022	2023	2024
Sales of products	CZK million	806,06	715,48	650,08
Number of employees	persons	380	403	374
Number of aluminum products	pieces	19 676 852	17 178 806	11 118 893
Number of magnesium products	pieces	552 007	1 130 813	961 248
Aluminium processed	kg	9 980 823	8 809 160	8 141 290
Magnesium processed	kg	21 000	271 000	323 200

Our key customers include leading companies such as AFSI – Advanced Filtration Systems Europe, SMR Automotive, Automotive Lighting, Valeo Lighting, Mitsubishi Electric Automotive Czech, Plastic Omnium, Koito Czech, KSR Industrial, ZKW, Hella, BORCAD cz, and Panasonic Europe.



1.4 Company Certifications

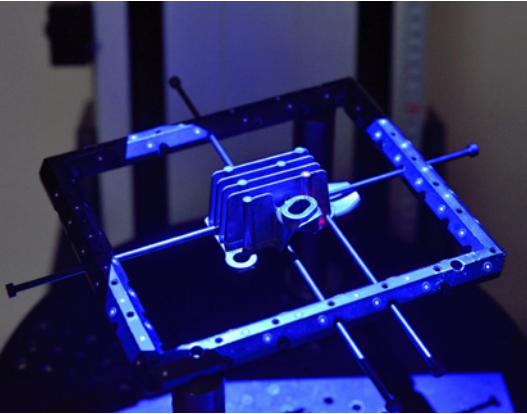
At ALW INDUSTRY, s.r.o., we focus on the production of precise aluminum castings and magnesium components with an emphasis on quality, safety, and sustainability. We hold the certifications IATF 16949:2016, ISO 14001:2015, and ISO 45001:2023 (issued by TÜV SÜD and SGS), and since 2023 we have been calculating our carbon footprint, including Scope 3, in cooperation with the company esgrovia. These certifications confirm our high standards in the production of die cast parts, Thixomolding, CNC machining, coating, metallization, and tool manufacturing.

IATF 16949:2016 is essential for suppliers in the automotive industry, focusing on quality and defect prevention.

ISO 14001:2015 supports environmental management and the reduction of environmental impacts.

ISO 45001:2023 ensures safe working conditions and risk prevention.

Uhlíková stopa (Scope 1–3) – since 2023, the company has been calculating its corporate CO₂ footprint, including Scope 3, extending to the calculation of the carbon footprint of selected products based on their production processes.



1.5 Corporate Governance and Management

We place strong emphasis on transparent communication, compliance with legal regulations, and regular performance evaluation. The Board of Directors decides on the company's strategy and approves key documents, while the managing directors oversee the company's commercial management and the executive team is responsible for day to day operations.

1.5.1 Composition of Governing Bodies and Management

The statutory body of the company consists of two managing directors: Ing. Mirko Spurný and Ing. Vojtěch Vyroubal. The executive role and responsibility for day to day operations, including the overall management of the company, are carried out by Adam Lép, the plant manager.

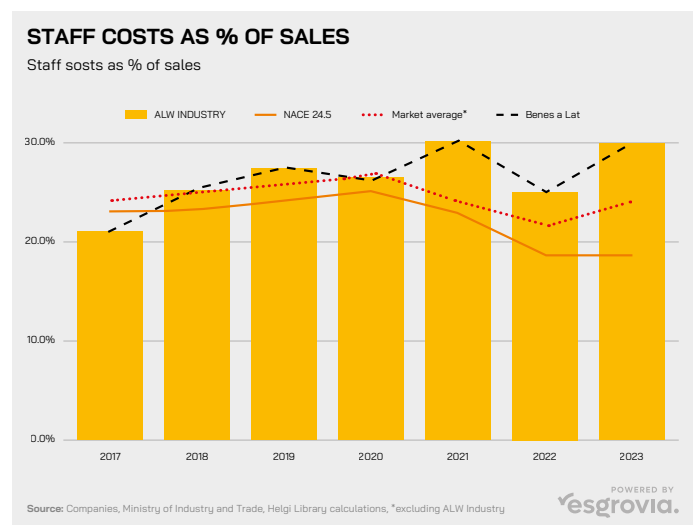
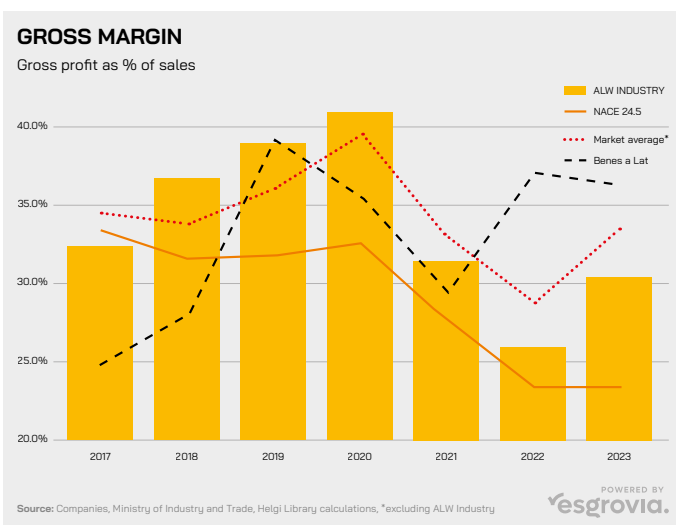
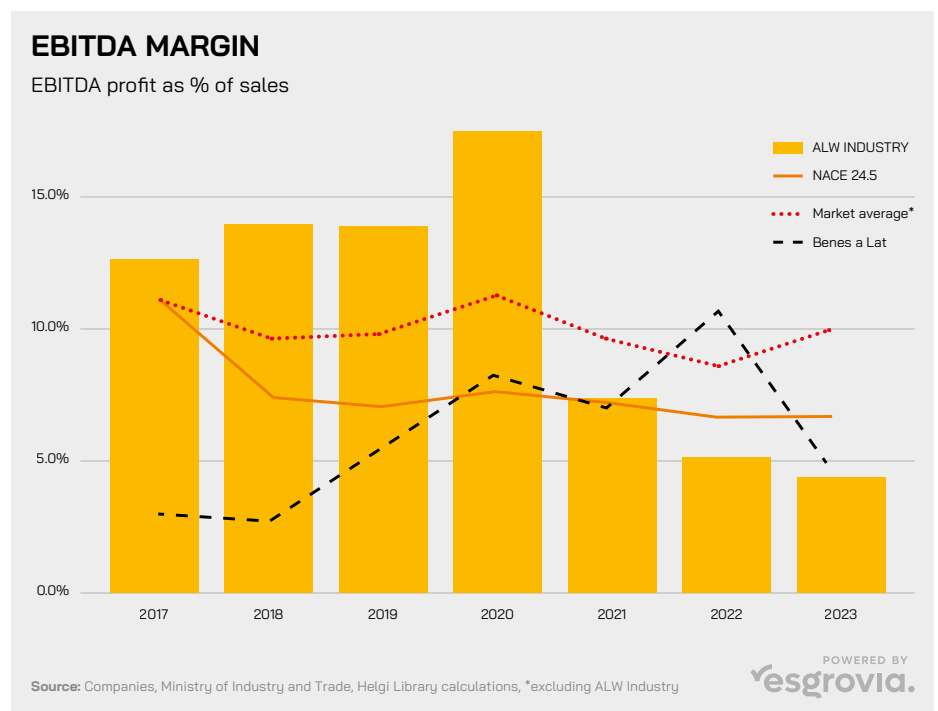
1.5.2 Ownership Structure, Subsidiaries, and Additional Corporate Links

ALW INDUSTRY, s.r.o. is owned by two shareholders: CVV Casting, a.s. and

RS NOVA, a.s. According to the Report on Relationships prepared pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations, ALW INDUSTRY, s.r.o. is a controlled entity of CVV Casting, a.s., registered at Žerotínova 1273/43, Žižkov, 130 00 Prague 3, Company ID No.: 27258823.

1.6 Market Comparison and Financial Situation

At ALW INDUSTRY, s.r.o., we regularly benchmark ourselves against other companies in the industry to better identify our strengths and weaknesses, as well as potential opportunities and risks. The analysis also includes the financial area, where we focus on operating results (margins, growth, efficiency) and their impact on the EBITDA margin and ROCE. The market itself has been under significant pressure in recent years. Since 2017, the revenues of selected competitors have decreased by 10%, EBITDA margins have fallen from 12% to 10%, and the average payment terms of receivables have lengthened by 30 days.



At ALW INDUSTRY, s.r.o., we have recorded stagnant revenues over the past three years, reflecting the overall situation in the industry. Working capital has increased by more than CZK 60 millions compared to 2017–2018, and the cash conversion cycle has extended from 70 to 120 days, illustrating the challenging market conditions. As a result, indebtedness and debt service have risen in recent years; however, the company continues to benefit from strong support from its key shareholders.

The entire automotive sector is going through a challenging period. In Europe, approximately two million fewer cars are being produced compared to 2019, unused production capacities are increasing within the supply chain, and pressure on inputs remains high—from materials and energy to personnel costs.

Benchmarking against competitors, financial analysis, and pricing analysis, for example when collecting data for calculating the company's or product's carbon footprint, can provide valuable and concrete recommendations on how to respond to the complex developments in the industry, such as:

Data collection – monitoring material and energy consumption, machine and personnel utilization; process analysis and inputs for product costing (engineering, controlling, production).

Data analysis – calculation of machine hourly rates, comparison with engineering data, costing of product groups.

Comparison of calculations with actuals – comparing plans with reality by product and customer, identifying losses.

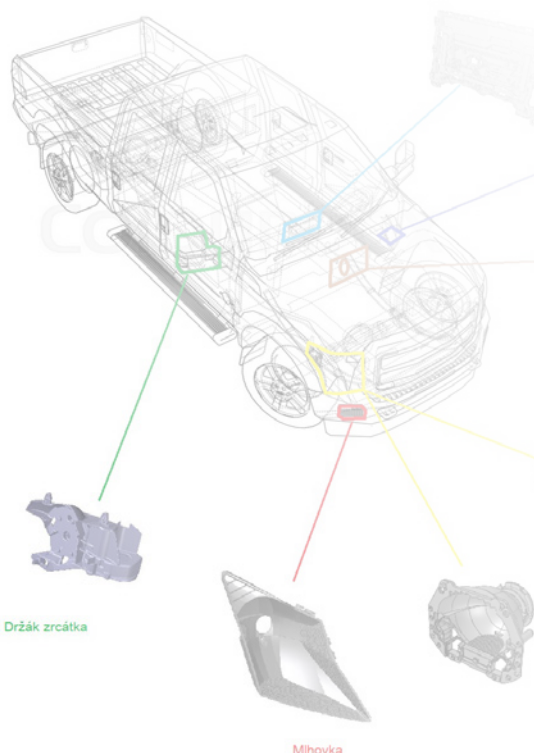
Operational corrective measures – production optimization and preparation of a restructuring plan.

Financial corrective measures – profitability analysis of products and customer groups, working capital management.

Preparation of negotiation materials – supporting documents for price adjustments with key customers.

Price negotiations – initiating discussions on price adjustments.

The analysis of our company in the area of non financial reporting should go hand in hand with financial and business analysis, which was the intention behind the above mentioned condensed benchmarking study and financial review. Additionally, the Double Materiality Assessment provided several further insights, confirming the company's strategic direction built on three priorities: maximizing operating profit (finance/governance), developing intellectual capital supported by a high level of cooperation (human resources/social), and sustainability in terms of prevention and environmental protection (operations/environment).





2. SUSTAINABILITY STATEMENT

At ALW INDUSTRY, s.r.o., we have long been committed to integrating sustainability into our business operations, and the publication of our first Sustainability Report for 2024 is part of this effort. The report has been prepared in accordance with ESRS standards and applicable legislation. While our primary objective as a company is to maximize profit, we also view our business activities as a responsibility toward our employees, the community, and the environment. We invest in education, support trade unions, maintain fair relationships with partners, and employ disadvantaged groups. We strive to minimize and recycle waste and use nearly 100% secondary raw materials. We regularly monitor and measure our emissions, which remain well below the maximum permissible limits.

2.1 Corporate Governance in Relation to Sustainability

In 2025, ALW INDUSTRY, s.r.o. presents its first Sustainability Report (for the year 2024), reflecting our commitment to environmental, social, and governance responsibility. Within our organization, Mr. Lukáš Grulich serves as the ESG Coordinator responsible for the report itself, while the implementation of related measures is overseen by the plant manager, Mr. Adam Lép.

2.2 General Information and Data Basis of the Sustainability Report

As ALW INDUSTRY, s.r.o., we have been operating on the market since 1996 and have been gradually modernizing the management of our processes. In 2024, we voluntarily published our Sustainability Statement, despite the fact that there is no legislative obligation to report under the CSRD directive. The document is based on Directive 2013/34/EU and the European ESRS standards for non financial reporting.

The report forms part of the consolidated annual report and is aligned with the accounting data and the timeline for preparing non financial disclosures. The data basis for the Sustainability Report at ALW INDUSTRY, s.r.o. is derived from a combination of our internal information system and supplementary data collection through observations, interviews, and on site assessments. Since 2023, the company has been using strategic management meetings to identify risks, opportunities, and ESG related topics, enabling effective monitoring of key areas.

The foundation of our strategic management is the document Context of the Organization, which addresses risks, opportunities, and relationships with partners, employees, and institutions. The company also holds IATF 16949 and ISO certifications, supporting its stability, transparency, and sustainable development.

3. CORPORATE POLICIES AND STRATEGIES ON SUSTAINABILITY

The sustainability policy at ALW INDUSTRY, s.r.o. represents our commitment to responsible development across all areas of our operations. As a company, we strive to reduce our environmental impact through efficient resource use, emission reduction, and support for ecological innovation. We comply with legal regulations and ethical standards and place strong emphasis on social responsibility and working conditions. Sustainability is integrated into our production processes, human resources management, and relationships with partners.

In managing impacts, risks, and opportunities (IRO), we follow our strategy in accordance with the IATF 16949 standard and ESRS requirements. We assess environmental, social, and economic impacts, identify and monitor key risks, and place strong emphasis on the Double Materiality Assessment, which examines the company’s key business areas and enables more effective communication of significant topics within the organization.

3.1 Sustainable Development Goals (SDGs) Supported by the Company

At ALW INDUSTRY, s.r.o., we align ourselves with the Sustainable Development Goals defined by the United Nations, specifically with the themes of “No Poverty” (Goal 1) through fair wage growth and social stability. Within the area of “Clean Water and Sanitation” (Goal 6), we actively contribute to reducing water consumption thanks to the operation of our own wastewater treatment plant. In relation to “Affordable and Clean Energy” (Goal 7), we strive to reduce energy consumption and our environmental footprint.

In the area of “Climate Action” (Goal 13), we successfully reduce NOx, CO, and VOC emissions. Under Goal 15 – “Life on Land,” we aim for zero incidents and zero chemical leaks, thereby protecting the environment in which we operate. These measures support completely biodiversity, the long term sustainability of the company, and the fulfilment of global goals.

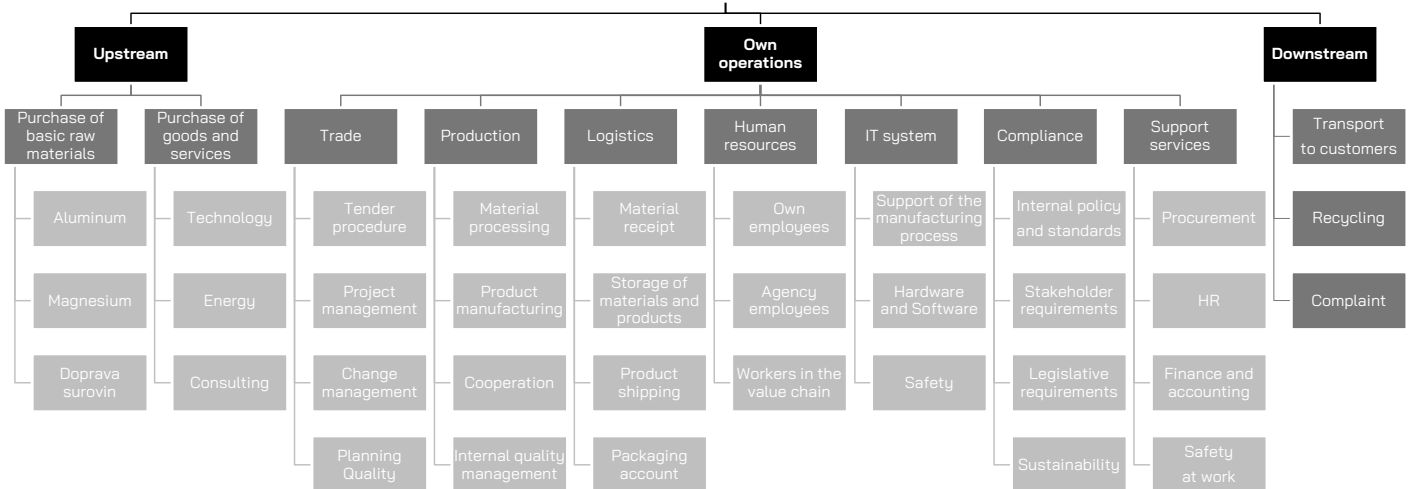


GOALS	JUSTIFICATION	KPI
1. NO POVERTY	For ALW Industry, s.r.o. and its employees, Sustainable Development Goal No. 1 – No Poverty – is an important objective, to which we can contribute by increasing wages and salaries compared to the surrounding region.	ALW vs. regional average wage difference
6. CLEAN WATER AND SANITATION	Our company operates its own wastewater treatment plant. We regularly measure the quality of the water discharged into the sewer system. We strive to minimize water consumption in our operations.	Water consumption/year
7. AFFORDABLE AND CLEAN ENERGY	We minimize the energy consumption required for our business activities.	Energy consumption/year
13. CLIMATE ACTION	We reduce emissions released into the air: TZN, NOx, CO, TOC, VOC, and other substances generated by our activities.	CO ₂ emissions eq./rok
15. LIFE ON LAND	We have implemented measures to achieve zero EMS incidents and zero chemical leaks into the environment.	Number of accidents/year

4. VALUE CHAIN

Value chain analysis is one of the key components of the sustainability strategy at ALW INDUSTRY, s.r.o. We focus on the entire operational process of the company—from sourcing raw materials and energy, through transport, production, internal logistics, and distribution, all the way to customers and waste management. The goal is to identify impacts, risks, and opportunities (IROs) within our operations both upstream (towards suppliers) and downstream (towards customers), in financial as well as non financial terms. In our mapping process, we use internal and external data, conduct interviews with employees and stakeholders, and incorporate expert estimates. The resulting map provides an overview of the critical points in the chain and their influence.

We plan to expand data collection and refine supplier assessments, thereby strengthening transparency and accountability. Our objective is to minimize negative impacts and support sustainable innovation across the entire value chain—forming the foundation of long term competitiveness and business resilience.



5. STAKEHOLDER ENGAGEMENT

Collaboration and open dialogue with stakeholders are essential to the long term success of ALW INDUSTRY, s.r.o. We place strong emphasis on transparent communication with partners, suppliers, customers, and the community, which fosters trust and mutual respect. Active stakeholder engagement is an integral part of our sustainability strategy and responsible business conduct. Regular exchange of views helps identify shared solutions that benefit the company as well as its surroundings, strengthening stability and long term development.

5.1 Principles of Stakeholder Relations

Stakeholder relations at ALW INDUSTRY, s.r.o. are guided by the principles of responsibility, transparency, and cooperation.

At ALW INDUSTRY, s.r.o.:

1. *We act ethically,*
2. *We share accurate information,*
3. *We support two way communication.*

Stakeholders actively participate in our activities through consultations and dialogue. The company strives for consensus, respects diverse viewpoints, and continuously improves its methods of stakeholder engagement. Dialogue is a key component of our strategy as well as our reporting in accordance with GRI and ESRS standards.

5.2 Overview of Significant Stakeholders

For successful communication and cooperation at ALW INDUSTRY, s.r.o., we consider it essential to identify all key stakeholder groups. These groups are divided into two categories:

Internal Stakeholders:

ID	STAKEHOLDERS	SHORT NAME	DESCRIPTION	METHODS OF ENGAGEMENT	FREQUENCY	COMMENT
INTERNAL STAKEHOLDERS						
1	Management	Management	Primary responsibility for the company's economic performance and sustainable development, including communicating sustainability goals and measures to its stakeholders.	Surveys and questionnaires: Collecting opinions and expectations from different groups Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders Online platforms: Creating a space for sharing opinions and feedback	Once a week: Management meeting Once a year: Employee satisfaction survey Ongoing: Internal mailboxes/online channels (planned) Once a day: Operational briefings	
2	Shareholders and investors	Shareholders	They are interested in long-term sustainability, as well as the risks and opportunities associated with ESG factors.	Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders	Ad-hoc personal meetings with management (as needed) Management reporting	Strategic direction of the company, business planning, etc., including the company's sustainability requirements.
3	Employees and other workers	Workers	They expect transparency in the areas of working conditions, diversity, and inclusion.	Surveys and questionnaires: Collecting opinions and expectations from different groups Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders Online platforms: Creating a space for sharing opinions and feedback	Three times a year: Meetings with management Daily: Internal mailboxes/online channels (planned) Daily: Visual management (TV/notice boards) Once a week: Department meetings Daily: Online/social media	

External Stakeholders:

ID	STAKEHOLDERŮ	SHORT NAME	DESCRIPTION	METHODS OF ENGAGEMENT	FREQUENCY	COMMENT
EXTERNAL STAKEHOLDERS						
4	Suppliers	Suppliers	They expect fair business practices and long-term cooperation.	Surveys and questionnaires: Collecting opinions and expectations from different groups Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders Online platforms: Creating a space for sharing opinions and feedback	Twice a year: Supplier evaluations (IATF) Ongoing: General supplier terms and conditions (contracts), including sustainability requirements Ad-hoc: Communication as needed Ad-hoc: Combination of in-person/phone/online communication	Communication within the scope of price quotations, etc.
5	Consumers and end users	Consumers	They are interested in product sustainability and ethical production.	Surveys and questionnaires: Collecting opinions and expectations from different groups Online platforms:	1. EcoVadis assessments, SAQ, etc. 2. Price quotations (product CO ₂ footprint) 3. Customer audits 4. Certification/recertification audit Ad-hoc: Combination of in-person/phone/online communication	Customer evaluations, e.g., EcoVadis, new requests including product CO ₂ requirements, etc.
6	Local communities and people in vulnerable situations	Local communities	They are interested in the company's impact on the environment and the local economy.	Surveys and questionnaires: Collecting opinions and expectations from different groups Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders Online platforms: Creating a space for sharing opinions and feedback	1. Online information sharing (website; social media)	The company is located in an industrial area/zone with no significant number of permanent residents. In the event of any change, there is openness to establishing communication channels. No external initiative has been raised so far.
7	Non-profit organizations and environmental groups	Environmental organizations	They expect compliance with ESG regulations and standards, as well as nature protection requirements.	Surveys and questionnaires: Collecting opinions and expectations from different groups Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders Online platforms: Creating a space for sharing opinions and feedback	1. Online information sharing (website; social media) 2. Industrial area with no activities from environmental organizations	ISO 14001 ISPOP Hygiene – dust/noise level measurements. ECOKOM
8	Public authorities, including regulatory bodies, supervisory authorities, and central banks	Public administration /Regulators	They expect compliance with ESG-related regulations and standards.	Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders	1. Online information sharing (website; social media) 2. Sustainability as part of the annual report 3. Sustainability report for 2024 4. Occasional meetings between management and public authorities	ISO 14001 ISPOP Hygiene – dust/noise level measurements. ECOKOM
9	Banks	Banks	They monitor the company's development from the perspective of sustainable finance.	Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders	1. Online information sharing (website; social media) 2. Sustainability included in the annual report 3. Sustainability report for 2024 4. Irregular/occasional meetings 5. Bank assessments	Creditworthiness assessment.
10	Nature	Nature	A silent partner and an integral part of sustainable development	Maintenance of greenery and the environment within the plant and its surroundings	1. Regular year-round maintenance	
11	Media	Media	A natural partner in communication	Workshops and forums: Open discussions with key stakeholders One-to-one meetings: Individual consultations with major stakeholders	1. Occasional use of online platforms	Intended use of media within PR.
12	Local interest groups	Local interest groups	Local interest associations, groups, and clubs (e.g., sports clubs, chambers, associations, etc.)	Meetings, forums, organized events: Open discussions at organized events One-to-one meetings: Individual meetings	1. Meetings with sponsored entities at least once a year. 2. Meetings/forums within the Chamber of Commerce at least four times a year. 3. Workshops/meetings within the Czech Foundry Association six times a year.	Including the organization of meetings on ALW premises.
13	Schools and educational institutions	Schools	A natural partner in the development of the company	Workshops and forums: Open discussions One-to-one meetings: Individual consultations Excursions and workshops Internships / bachelor's and master's theses	1. Occasional use of online platforms 2. Meetings at job fairs and cooperation with local schools 3. Individual consultations and practical training	SPSS Olomouc Universities

Identifying stakeholder groups helps ALW INDUSTRY, s.r.o. plan communication more effectively, supporting sustainable development and relationships with key partners. Within the company, we strive to gather a broad range of information about stakeholder views and priorities, reflect these insights in our dialogue, and integrate them into our overall business processes.

6. DOUBLE MATERIALITY ASSESSMENT

Materiality assessment is essential for preparing the sustainability report. It serves to identify key environmental, social, and governance topics that have an impact on society, the environment, and the company's business. The assessment is based on ESRS standards, which integrate impact materiality with financial materiality.

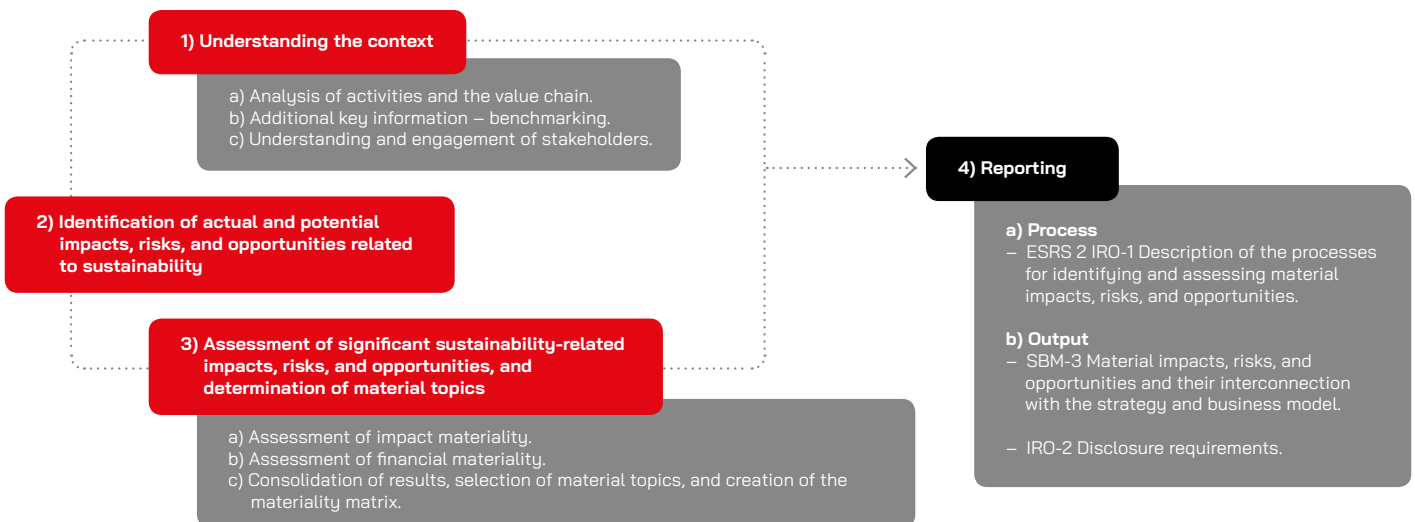
6.1 Description, Method, and Process of the Materiality Assessment

The methodology for the Double Materiality Assessment at ALW INDUSTRY, s.r.o. is dynamic and aligned with current ESRS standards. Its purpose is to correctly identify and prioritize the topics with the greatest impact on the company and its stakeholders. We reviewed environmental, social, governance, and economic issues, including both their positive and negative impacts. The following approaches were used to determine sustainability priorities:

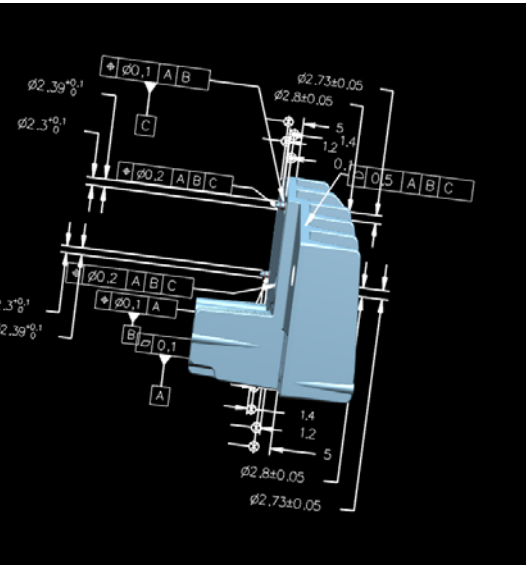
- Ad hoc research of significant topics and sector trends, including analyses of sustainability reports from comparable companies.
- Consideration of applicable regulations, mandatory requirements, and best practices in the automotive and aluminum processing sectors.
- Impact estimations across the value chain and a review of previously identified priority topics.
- Assessment of topics from multiple perspectives through workshops and knowledge sharing with experts.
- Incorporation of views from key affected stakeholders based on ongoing dialogue.
- The analysis resulted in the confirmation of key topics with a significant impact on the environment, society, and the company's value.

MATERIALITY ASSESSMENT PROCESS

Visualization of the process leading to the assessment of material topics



ALW INDUSTRY, s.r.o. conducted a sustainability analysis focused on impacts, risks, and opportunities (IRO) in accordance with ESRS standards. The assessment examined internal activities, business relationships, data and documentation, as well as interviews with internal stakeholders.



6.2 Assessment and Identification of Significant Impacts, Risks, and Opportunities (IRO)

The assessment of actual and potential IROs was carried out in the company based on predefined criteria and threshold values. The evaluation was conducted internally through workshops with the participation of external experts. After assessing the impacts, a financial evaluation followed. Topics that met the criteria for impact or financial materiality were classified as material and subsequently reported and monitored.

6.2.1 Criteria for Assessing Impact Materiality (Scale/Scope/Irreversibility)

The assessment of negative impacts is based on due diligence principles outlined in UN and OECD documents. For actual impacts, severity is the key factor; for potential impacts, the assessment considers a combination of severity and likelihood. Severity was evaluated according to:

- The scale of the impact on society or the environment
- The scope of affected stakeholders
- The irreversibility of the harm (costs, time).

For positive impacts, materiality was determined based on:

- The scale and scope of actual impacts
- The scale, scope, and likelihood of potential impacts.

The overview below illustrates how we determined the materiality of topics. Both financial and non financial aspects relevant to stakeholders are assessed. This process helps us focus resources on key areas and strengthens overall credibility.

6.2.2 Criteria for Assessing Financial Materiality

When assessing opportunities and risks, ALW INDUSTRY, s.r.o. considered the magnitude of the financial effect in accordance with ESRS 1, paragraph 56. It was essential to evaluate the potential impact on the company's financial performance and stability. Proper assessment of severity enables effective management and planning of measures to minimize risks and leverage opportunities. The process required a thorough evaluation of all relevant factors.

ESG risk and opportunity levels according to the internal methodology of ALW INDUSTRY, s.r.o.:

5 – Catastrophic: Financial effect: *very high or greater*

4 – Major: Financial effect: *high*

3 – Moderate: Financial effect: *medium*

2 – Minor: Financial effect: *low*

1 – Insignificant: Financial effect: *very low*

0 – None: *No financial effect*

Risks and opportunities: Probability of occurrence (Risks & opportunities according to ESRS 1, paragraph 56)
Assessment of the probability of occurrence of a risk or opportunity

100%	Certain	The probability of occurrence is certain.
80%	Very likely	The event is very likely or occurs frequently.
60%	Likely	The event is likely, but not frequent.
40%	Possible (may occur, but rarely)	The probability of occurrence is possible, but unusual.
20%	Unlikely (almost never)	The probability of occurrence is unlikely or almost never occurs.
0%	Never	No probability of occurrence.

Risks and opportunities are essential for sustainability assessment under ESRS 1, paragraph 56. ALW INDUSTRY, s.r.o. analyzed internal and external factors influencing their likelihood. The evaluation enabled better planning of measures to minimize risks and capitalize on opportunities.

The financial materiality of risks and opportunities at ALW INDUSTRY, s.r.o. was divided into the following categories:

- Minimal and Informative** – no significant impact on the company’s stability
- Important and Significant** – require analysis and strategic measures
- Critical** – essential for the company’s long term development and stability

Attention is focused on critical areas and the corresponding measures.

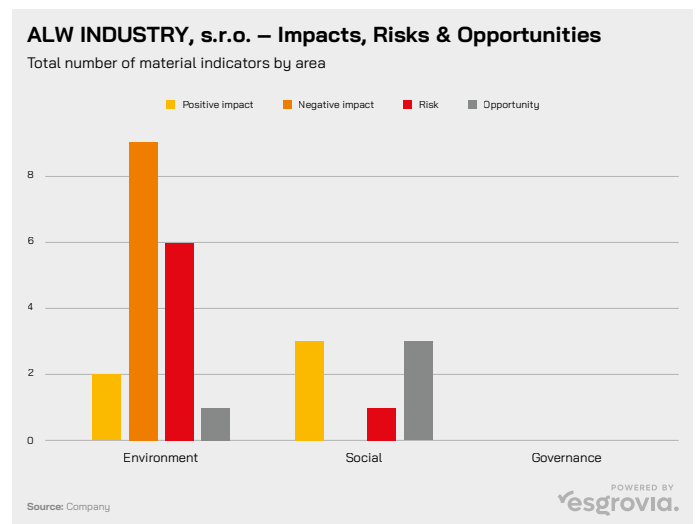
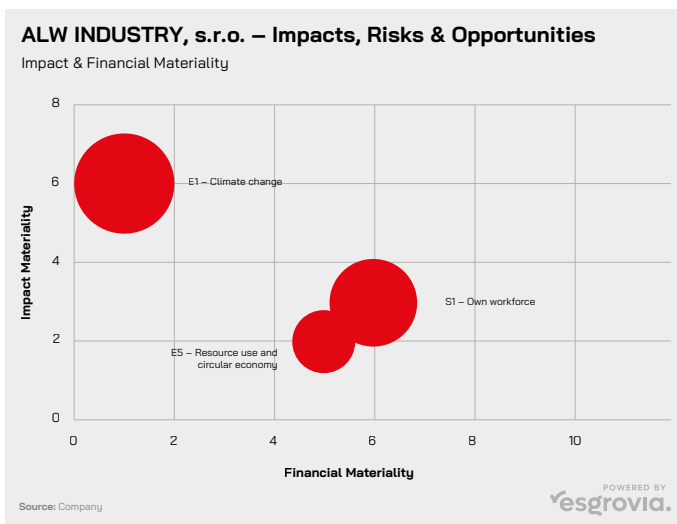


7. RESULTS OF THE DOUBLE MATERIALITY ANALYSIS

At ALW INDUSTRY, s.r.o., we conducted the Double Materiality Analysis using a Materiality Matrix, which prioritizes topics based on their impact and financial materiality. Both internal and external perspectives, as well as the organizational context, were taken into account.

7.1 Summary of Material Topics and the Results of the Double Materiality Analysis

The Double Materiality Matrix showed that three topics – **E1 (Climate Change)**, **E5 (Circular Economy)**, and **S1 (Own Workforce)** – have the highest impact and financial materiality and will be key for the sustainability strategy of ALW INDUSTRY, s.r.o. Other topics (e.g., **E4, S4, G1**) were not classified as material but were analyzed in relation to the company's current situation and its broader context:



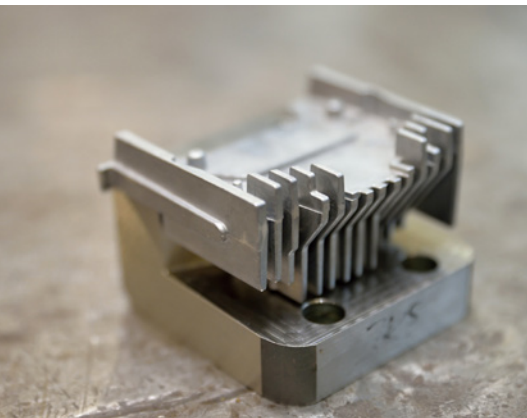
From the comparison of the analyzed areas, the **Environment domain** emerges as the most significant in the combined IRO assessment based on topic areas and the number of indicators, followed by the **Social** and **Governance domains**.

7.2 Material Topics in the Environmental Domain

The double materiality analysis for the environmental domain identified the following key topics:

- **E1** – Climate Change,
- **E3** – Biodiversity and Ecosystems,
- **E5** – Resource Use and Circular Economy.

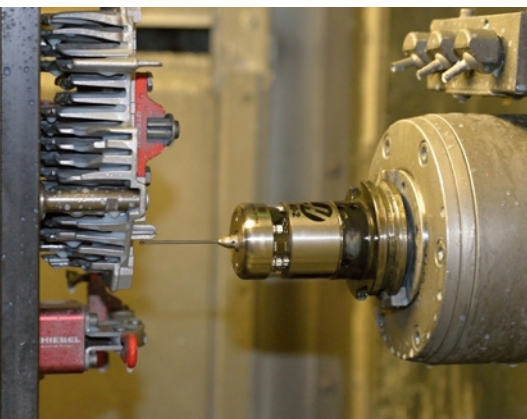
At ALW INDUSTRY, s.r.o., we fully recognize the impact of industrial activities on the environment and climate change. For this reason, we actively implement measures that help mitigate these impacts and support more sustainable operations in an energy intensive sector.



Processing, high-pressure die casting, machining, and coating of aluminum components are inherently demanding and technologically difficult to replace. Therefore, ALW INDUSTRY, s.r.o. focuses on avoiding (mitigating) and minimizing potential impacts by eliminating the risks of their occurrence.

As part of innovation and efforts to gain a competitive advantage, ALW INDUSTRY, s.r.o. has also made substantial investments in advanced Thixomolding® technology for producing components from magnesium alloys.

Market and customer pressure on pricing further motivates ALW INDUSTRY, s.r.o. to seek consumption savings, reduce material intensity, and decarbonize the production process. A key element is the use of more energy efficient technologies to reduce gas and electricity consumption per ton of produced and processed melt. One significant opportunity is the use of renewable energy sources (e.g., a solar park). However, such an investment is substantial and, given the current economic situation in the automotive sector, difficult to finance without available support schemes.



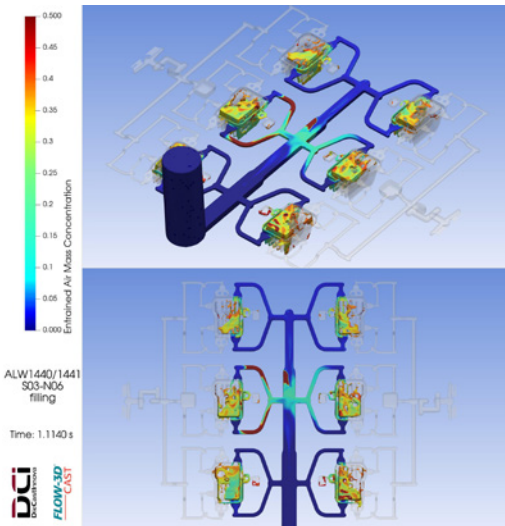
Our production facility in Olomouc has an impact on the environment and the surrounding area, including air and soil quality. Due to the nature of the technology, the plant requires high water consumption for cooling. At ALW INDUSTRY, s.r.o., we monitor and evaluate water levels, consumption, leaks, and any anomalies daily as part of controlled water management. The company operates its own wastewater treatment plant, and the quality of discharged water is continuously measured and monitored.

The company also sets measurable targets for reducing water consumption, limiting wastewater pollution, and increasing recycling, and implements preventive measures and emergency plans. Water management is part of the EMS audit.

7.2.1 Key Environmental Risks and Opportunities

The double materiality analysis at ALW INDUSTRY, s.r.o. revealed key risks and opportunities in the environmental domain. Growing demand for light-weight and cost efficient materials, the substitution of aluminum products with magnesium alloys, and the continuous secondary use of aluminum represent major market opportunities. Conversely, risks are linked to dependence on fossil fuels, overly strict climate targets (particularly for operations without technological alternatives), taxes, and regulatory requirements. High energy intensity and the structure of energy consumption may reduce market demand. These factors – both risks and opportunities – can have a significant financial impact on the long term sustainability of our business model.

The results of the Double Materiality Analysis (risks and opportunities; financial materiality) for topic **E1 – Climate Change** show that the opportunity with the highest materiality score of 4.0 reflects the increasing demand for lighter and more affordable substitutes, which may create substantial opportunities for expanding and developing production and generating higher revenues. At ALW INDUSTRY, s.r.o., the volume of processing and substitution of aluminum products with magnesium products has been growing year by year.



Regarding risks, the most critical ones also fall under E1 – Climate Change, particularly in the area of energy use and consumption. Market sensitivity to energy prices and consumption represents an additional risk for the company. The energy mix of the Czech Republic poses a risk of increased costs and reduced customer demand (both in terms of price and carbon intensity).

From the perspective of operational risks and rising costs associated with fossil fuels, ALW INDUSTRY, s.r.o. is considering an investment in a solar park. Risks related to increased financial costs due to carbon taxes, ETS allowances, or stringent decarbonization targets are part of our risk assessment.

7.2.2 Data Points for the Environmental Domain

For the **Climate Change** area, ALW INDUSTRY, s.r.o. monitors and evaluates the following data points:

E1-4_03, E1-4_04, E1-4_16, E1-4_17, E1-4_05 – focused on quantifying greenhouse gas emissions, their categorization, calculation methodology, emission reduction targets, and the impacts of climate related risks.

E1-5_01, E1-5_05 – related to climate change adaptation through energy consumption and the use of energy from renewable sources.

E5-4_04, E5-4_05, E5-5_04 – reflecting the consumption of recycled materials.

For the **Biodiversity** and **Ecosystems** area, the key data points include, for example:

E2-4_03 a E2-4_04 – focused on emissions and pollution affecting soil and water.

E3-4_01 – related to water consumption.

For the **Resource Use** and **Circular Economy** area, ALW INDUSTRY, s.r.o. monitors the following key data points related to products and services:

E5-5_07 – tracking the inflow and outflow of resources within products and services, supporting the transition to a circular economy model and monitoring waste generation.

Risks and opportunities in the Environmental domain are supplemented by predominantly economic and commercial data points expressed in CZK, units, or numerical values:

Operations 1 to 6 – covering Total Revenues, Material Costs, Number of Products Sold (Mg; Al; units), EBITDA, and Energy Costs.

DATA POINTS	DATA POINT DEFINITION I. (EN)	DATA POINT DEFINITION II. (CZ)	METRIC	2024 VALUE
E1-4_03	Absolute value of total Greenhouse gas emissions reduction	Absolutní hodnota celkového snížení emisí skleníkových plynů (2023->2024)	tonne	1,347
E5-4_05	Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials	Procento sekundárně znovu použitých nebo recyklovaných komponent, sekundárních mezioperačních produktů a sekundárních materiálů	%	100,00
E5-5_04	The rates of recyclable content in products	Podíly recyklovatelného obsahu v produktech	tonne	2 932,60
E1-4_16	Percentage of Scope 3 Greenhouse gas emissions reduction (as of emissions of base year)	Procento snížení emisí skleníkových plynů Scope 3 (ve vztahu k emisím základního roku 2023)	%	-2,67
E1-5_01	Total energy consumption related to own operations	Celková spotřeba energie související s vlastním provozem	MWh	11 968,00
E1-5_05	Total energy consumption from renewable sources	Celková spotřeba energie z obnovitelných zdrojů	MWh	2 627,10
E1-4_17	Intensity value of Scope 3 Greenhouse gas emissions reduction	Intenzitní hodnota snížení emisí skleníkových plynů Scope 3	kg CO ₂ e/CZK sales	0,001
E2-4_03	Emissions to water by pollutant	Emise do vody podle znečišťujícího látky	kg	0,00
E2-4_04	Emissions to soil by pollutant	Emise do půdy podle znečišťující látky	kg	0,00
E1-4_05	Intensity value of total Greenhouse gas emissions reduction	Intenzitní hodnota celkového snížení emisí skleníkových plynů	kg CO ₂ e/CZK sales	0,001
E3-4_01	Total water consumption	Celková spotřeba vody	m ³	16 674,00
E5-4_04	The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging)	Hmotnost sekundárně znovu použitých nebo recyklovaných komponent, sekundárních mezioperačních produktů a sekundárních materiálů používaných při výrobě výrobků a služeb podniku (včetně obalů)	tonne	3 015,50
E5-5_07	Total amount of waste generated	Celkové množství vzniklého odpadu	tonne	80,85
Operation 1	Total Revenue	Celkové tržby	CZK	650 088 569,00
Operation 2	Cost of Material	Náklady na materiál	% of sales	27,61
Operation 3	Number of product produced (Mg)	Počet vyrobených výrobků (Mg)	pcs	961 248,00
Operation 4	EBITDA marže	Zisk před úroky, zdaněním a odpisy	%	5,40
Operation 5	Cost of Energy	Náklady na energie	CZK	59 664 291,00
Operation 6	Number of product produced (Al)	Počet vyrobených výrobků (Al)	pcs	11 118 893,00

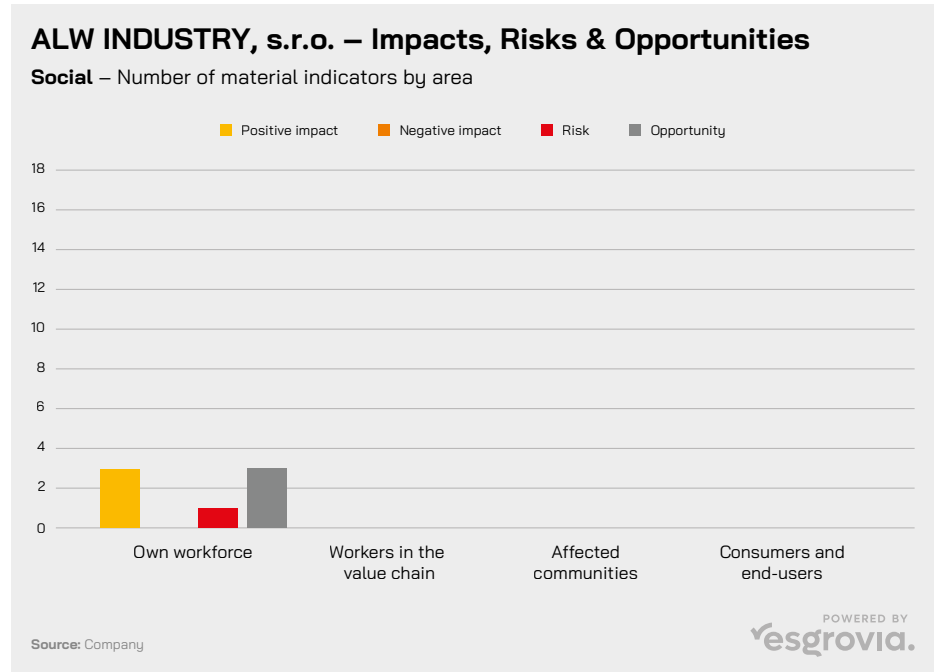
7.2.3 Environmental Commitments of the Company

or each material topic, ALW INDUSTRY, s. r. o. has defined objectives and actions aimed at reducing environmental impacts and meeting stakeholder expectations. Our production processes focus on minimizing pollution and resource consumption, and emissions have long remained below legal limits. The company uses 100% secondary materials, primarily aluminum, thereby supporting the circular economy. In the energy area, we strive to increase the share of renewable sources and reduce natural gas consumption. Compliance with and auditing under ISO 50001 and ISO 14001 standards are essential for us.

7.3 Material Topics in the Social Domain

The social domain is a key pillar at ALW INDUSTRY, s.r.o. The company upholds its responsibility toward employees, communities, and society. It also promotes equal opportunities, a safe working environment, an open culture, and cooperation with local partners. The working environment is built on respect, motivation, and engagement. In the **Social** area, the key topic for our company is:

S1 – Own Workforce.



The highest scores – and thus the activities with the greatest level of impact – are identified within S1 – Own Workforce, where Working Conditions and Equal Treatment and Opportunities for All are particularly critical for us.

In the area of **working conditions**, we have introduced above standard financial and non financial benefits that increase employee satisfaction and stability and help prevent negative phenomena such as turnover or absenteeism. ALW INDUSTRY, s.r.o. also places strong emphasis on occupational safety and complies with the requirements of ISO 45001:2023. Workplace safety, ergonomics, shopfloor management, and the 5S method are fundamental elements of regular Gemba walks conducted by production management. High-pressure aluminum die casting is a specific and often physically demanding activity; therefore, the company is gradually implementing automation and robotization for highly repetitive tasks. Investments aimed at improving production processes and working conditions are subject to return on investment requirements, management approval, and an assessment of their impact on employee working conditions.

Regarding flexible working hours and home office arrangements, we are limited by the requirements of the automotive sector and the nature of manufacturing operations. Nevertheless, we accommodate employees wherever possible.



Projects in development and serial production are audited internally and by customers according to the VDA 6.3 methodology, with a strong focus on the process itself. At ALW INDUSTRY, s.r.o., we also use audit results to identify potential process risks that may affect safety or environmental aspects, such as improper material handling that could endanger workers or the environment. The company has established systems for preventing workplace injuries and occupational safety violations. These systems include:

- ensuring professional and medical fitness, including initial and periodic medical examinations,
- compliance with legal and other safety requirements,
- implementation of safety management systems, including certification,
- regular and random inspections, especially for operational staff,
- review of the safety management system through internal and external audits and evaluations,
- sharing information across the company.

In the area of **equal treatment and opportunities**, we support employee development through training beyond legislative requirements and enforce a zero tolerance policy for discrimination, as defined in our established Code of Ethics. We also maintain standardized processes covering:

- the creation of a job requirement,
- employee selection based on the complexity of the position,
- the onboarding process,
- training, continuous education, and ongoing qualification development.

ALW INDUSTRY, s.r.o. does not tolerate any form of discrimination or discriminatory behavior toward anyone. In terms of gender representation in management positions, the decisive criteria are knowledge, experience, and the suitability of the candidate for the role.

Wages and remuneration are based on transparent salary tables (evaluating each position according to complexity and required qualifications) as well as the employee's experience and practice. All of the above is governed by our internal Human Resources Management Directive, and the company's Work Regulations form part of the controlled documentation.

Work–life balance is a top priority at ALW INDUSTRY, s.r.o., supported through benefits and opportunities for non work gatherings. We support employees facing adverse circumstances such as illness, unemployment, or work related injury. We also support employees taking parental leave or retiring.

7.3.1 Key Risks and Opportunities in the Social Domain

As part of the Double Materiality Analysis, ALW INDUSTRY, s.r.o. identified three key opportunities within **S1 – Own Workforce**. These opportunities relate primarily to Working Conditions and Equal Treatment and Opportunities for All. One significant risk was identified in the area of Working Conditions. Both the identified opportunities and the risk may have a substantial financial impact on the business.

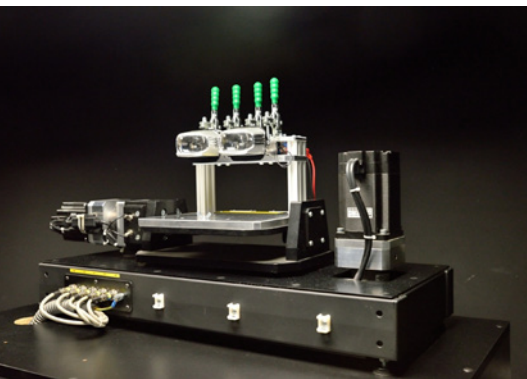
Equal Treatment and Opportunities for All emerged as a high scoring opportunity, reflecting our efforts to strengthen areas such as social dialogue,

support for long term employment contracts, and fair employment practices based on simple and transparent rules. Maintaining social harmony in relation to agency workers is considered a standard beyond legal requirements. This approach enhances the company’s reputation, facilitates the recruitment of new talent, and reduces costs associated with employee turnover. We hire employees based on knowledge, skills, experience, and willingness to learn and grow. Further steps in promoting equal treatment and equal opportunities include increasing the representation of women in management positions.

Additional **opportunities** are perceived in the area of **Working Conditions**. These include enhanced financial and non financial benefits and incentives that ALW INDUSTRY, s.r.o. provides – and intends to continue providing – beyond statutory requirements. Such incentives strengthen employee loyalty and increase motivation. Alongside equal treatment, support for long term employment contracts, respect for human rights, and ensuring equality for all employees, these measures contribute to a stable and secure economic environment.

On the other hand, a materially significant threat or **risk** in the area of **Working Conditions** is linked to limited possibilities for remote work and the absence of flexible working arrangements, for example for parents caring for children. This limitation may lead to increased turnover, posing a risk of losing know how and incurring higher costs for recruitment and training of new employees.

Overall, our analysis shows that the area of Own Workforce represents not only a strategic opportunity to strengthen the company’s competitiveness, but also a challenge that requires active management and adaptation to the changing needs of employees.



FINANCIAL MATERIALITY – ASSESSMENT OF RISKS AND OPPORTUNITIES

AREA	TOPIC	SUB-TOPIC	DESCRIPTION OF THE RISK/OPPORTUNITY	RISK/OPPORTUNITY	OUTCOME
					Financial materiality
Social	Own workforce	Working conditions	Employee satisfaction resulting from social dialogue and collective bargaining within the company creates an opportunity to build a good reputation, attract new talent, and reduce costs.	OPPORTUNITY	MATERIAL
Social	Own workforce	Working conditions	Employee satisfaction driven by generous financial and non-financial benefits and incentives creates an opportunity to build a strong reputation, attract new talent, and reduce costs.	OPPORTUNITY	MATERIAL
Social	Own workforce	Working conditions	Employee dissatisfaction caused by limited opportunities for home-office work and the unavailability of reduced working hours (for childcare) leads to higher turnover.	RISK	MATERIAL
Social	Own workforce	Equal treatment and opportunities for all	Equal opportunities for all employees, respect for their human rights, and the promotion of long-term contracts improve the socio-economic situation and create an opportunity for a stable and secure economic environment for business development.	OPPORTUNITY	MATERIAL

The **Social** domain analysis indicates that the impacts for ALW INDUSTRY s.r.o. in topics S2 – Workers in the Value Chain, S3 – Affected Communities, and S4 – Consumers are not significant at the given thresholds. This is not due to a lack of interest, but rather limited possibilities for influence.

We have no direct influence over **Workers** in the **Value Chain** due to a relatively weak negotiating position; however, we strive for transparent partner selection. For **Affected Communities**, the company's impact is low because it operates in an industrial zone with minimal contact with the local population. Nevertheless, we maintain proper relationships and monitor both environmental and social impacts.

Consumers represent an indirectly affected social group for ALW Industry s.r.o., as the company is not a producer of final or consumer goods but a technical subcontractor.

7.3.2 Data Points for the Social Domain

In the **Social** domain, ALW INDUSTRY, s.r.o. focuses its data points on working conditions, fair remuneration, collective agreements, employee development, and the prevention of discrimination. We also monitor incident reporting and sanctions. In the sub topics Working Conditions and Equal Treatment and Opportunities for All, the relevant data points include:

S1-10_01, S1-8_01 a S1-8_02 – focused on working conditions, fair remuneration, and collective agreement coverage.

S1-13_17 a S1-13_21 – reflecting equal opportunities, anti discrimination measures, employee training, and incident reporting.

S1-17_01, S1-17_07 – monitoring employee engagement, feedback, and participation in decision making processes.

S1-6_06, S1-6_07, S1-6_08, S1-6_25, S1-6_26, S1-6_27, S1-6_30 – providing insight into the structure, number, and ratios of employees.

Risks and opportunities are represented by an economic indicator relevant both for the Social domain and for the company's economic management:

Operation 7 – focused on the share of personnel costs in total revenues, which is one of the most important indicators in financial and operational management within the automotive sector.



DATA POINTS	DATA POINT DEFINITION I. (EN)	DATA POINT DEFINITION II. (CZ)	METRIC	2024 VALUE
S1-10_01	All employees are paid adequate wage, in line with applicable benchmarks	Všichni zaměstnanci jsou placeni přiměřenou mzdou v souladu s platnými srovnávacími ukazateli	yes/no	yes
S1-8_01	Percentage of total employees covered by collective bargaining agreements	Procento celkových zaměstnanců pokrytých kolektivními smlouvami	%	0
S1-13_21	Average number of training hours per person	Průměrný počet hodin školení na osobu	number	Not monitored (from 2026)*
S1-13_17	Total number of training hours	Celkový počet hodin školení	number	Not monitored (from 2026)*
S1-17_07	Number of severe human rights issues and incidents connected to own workforce	Počet závažných problémů a incidentů souvisejících s lidskými právy spojených s vlastním pracovním prostředím	number	0
S1-17_01	Total number of incidents of discrimination (including harassment, reported during the reporting period)	Celkový počet incidentů diskriminace (včetně obtěžování) hlášených během sledovaného období	number	0
S1-8_02	Total number of total employees covered by collective bargaining agreements	Počet zaměstnanců pod kolektivní smlouvou	number	0
S1-10_03	Percentage of employees paid below the applicable adequate wage benchmark	Procento zaměstnanců pod kolektivním smlouvou z celkového počtu	%	0
S1-6_30	Total number of all terminated employment relationships	Počet ukončených zaměstnanců za rok	number	67
S1-6_27	Part-time employees – WOMEN	Počet zaměstnanců na částečný úvazek – ŽENY	number	1**
S1-6_26	Part-time employees – MEN	Počet zaměstnanců na částečný úvazek – MUŽI	number	1**
S1-6_25	Total number of part-time employees	Počet zaměstnanců na částečný úvazek – CELKEM	number	2**
S1-6_06	Permanent employees – WOMEN	Počet zaměstnanců na plný úvazek – ŽENY	number	122**
S1-6_08	Permanent employees – MEN	Počet zaměstnanců na plný úvazek – MUŽI	number	225**
S1-6_07	Total number of permanent employees	Počet zaměstnanců na plný úvazek – CELKEM	number	347**
S1-10_02	Total number of employees not receiving adequate wages	Počet zaměstnanců pod úrovní minimální mzdy	number	0
Operation 7	Personnel expenses as % of Total Revenue	Personální náklady k tržbám	%	24,17

Comments: *to be monitored from 2026;
**status as of 31 December 2024

7.3.3 Social Commitments of the Company

At ALW INDUSTRY, s.r.o., we promote responsible business practices with an emphasis on ethics, transparency, and the selection of partners who adhere to labor standards. Despite our limited influence over the value chain, we strive for cooperation and shared responsibility within the industry.

Our relationships with communities are built on communication, minimizing environmental impacts, and acting responsibly. We regularly assess risks and work to prevent negative effects. As a subcontractor, we contribute through the quality and reliability of our products. Looking ahead, we commit to supporting sustainability, collaboration, and consideration of the needs of all stakeholders.

In relation to our own employees, we also see potential opportunities in implementing feedback mechanisms from all staff to identify possible negative impacts. By monitoring employee feedback, we commit to continuously improving the working environment and providing training, development programs, and instruction beyond the requirements of IATF 16949 and ISO 9001, including ISO 14001 for environmental management.

7.4 Material Topics in the Governance Domain

In the Double Materiality Analysis, ALW INDUSTRY, s.r.o. focused the Governance topic on the influence and management approach of the company in relation to sustainability and business operations. In general, we include themes such as responsibility, transparency, anti corruption measures, and ethics, all of which are essential for the management and proper governance of the company. Alongside compliance with applicable legislation, these topics and their adherence are equally important within our organization.

The analysis classified **Governance** topics as less significant (non material) compared with the Social and Environmental areas, as they are well managed within the company and do not have a substantial impact on value creation or stakeholder relationships. Management ethics, transparency, and leadership accountability are governed internally through the standard requirements of IATF 16949 and ISO 9001. Therefore, the company does not plan additional detailed reporting in this area but continues to monitor developments in the market, its own operations, and state requirements.

IMPACT MATERIALITY – IMPACT ASSESSMENT

AREA	TOPIC	SUB-TOPIC	IMPACT DESCRIPTION	STAKEHOLDERS	Avoidance (A)/ Minimisation (M)/ Restoration (R)/ Compensation (C)	IMPACT ATTRIBUTES	OUTCOME
						Positive/ Negative	Materiality
Governance	Business conduct	Corporate culture	A corporate culture that tolerates or encourages unhealthy competition, discrimination, or harassment can result in a toxic work environment, leading to lower employee morale and higher turnover.	People/ Communities	A/M: Establishing a code of ethical conduct/ business conduct and implementing measures	Negative	NON-MATERIAL
Governance	Business conduct	Corporate culture	Unethical decision-making – when the prevailing culture prioritises profit over ethics, it can lead to decisions that harm customers, the environment, or other stakeholders.	People/ Communities	A/M: Establishing a code of ethical conduct/ business conduct and implementing measures	Negative	NON-MATERIAL
Governance	Business conduct	Whistleblower protection	Insufficient whistleblower protection leads to unethical business conduct and retaliatory actions against whistleblowers.	People/ Communities	A/M: Setting an ethical/ business conduct code, implementing measures, and adopting a whistleblower policy	Negative	NON-MATERIAL
Governance	Business conduct	Political engagement and lobbying activities	Overly aggressive or unethical lobbying activities and initiatives by companies seeking to influence public policy, regulation, and government decisions related to their operations.	People/ Communities	A/M: Establishing a code of ethical conduct/ business conduct and implementing measures	Negative	NON-MATERIAL
Governance	Business conduct	Supplier relationship management, including payment practices	Inadequate supply chain management practices leading to non-transparent supplier contracts and payment transactions (inability to adequately assess and reward suppliers).	People/ Communities	A/M: Establishing a code of ethical conduct/ business conduct	Negative	NON-MATERIAL
Governance	Business conduct	Corruption and bribery	Unethical practices involving offering, giving, receiving, or soliciting anything of value in order to influence the actions of a person in a leadership position.	People/ Communities	A/M: Establishing a code of ethical conduct/ business conduct	Negative	NON-MATERIAL
Governance	Business conduct	Corruption and bribery	Unethical practices involving offering, giving, receiving, or soliciting anything of value in order to influence the actions of a person in a leadership position.	People/ Communities	A/M: Establishing a code of ethical conduct/ business conduct	Negative	NON-MATERIAL



We conducted a detailed impact analysis within the **Governance** area under topic **G1 – Business Conduct**, focusing in particular on the following themes:

- Corporate culture
- Whistleblower protection
- Political engagement and lobbying activities
- Supplier relationship management, including payment practices
- Corruption and bribery.

We place strong emphasis on transparent and responsible corporate management. Our **corporate culture** and governance principles are based on applicable Czech and international legislation in the areas of corporate governance, anti corruption, and anti bribery. The **Code of Ethics**, which serves as a fundamental framework for fair workplace behavior, applies both internally and externally. This document is binding for all employees and represents the company’s commitment to integrity, responsibility, and respect in everyday operations.

Whistleblower protection is also an important element of our **Governance** approach. As part of responsible management, we have implemented a **whistleblowing** system that enables employees to safely report inappropriate behavior or rule violations. Whistleblowers are protected, and incidents are addressed without delay.

Political engagement and lobbying activities are regulated, limited, and managed through the Code of Ethics and defined internal rules.

We also apply structured **Supplier Relationship Management, including payment practices**. Clear rules and a transparent process for approving new suppliers and business partners are in place. The goal is to ensure timely and high quality deliveries that meet the requirements of both production and customers. Supplier development is actively supported through:

- regular feedback and supplier evaluations,
- supplier capability assessments and integration into the ALW INDUSTRY, s.r.o. system,
- business visits and audits.

Quality management within the supply chain is carried out in accordance with **IATF 16949** and **VDA 6.3** standards, which form the basis of our approach to supply chain quality management, including sampling, identification and traceability, documentation retention, and approval of sample parts.

The topic of **Corruption and Bribery** covers the potential impact of unethical practices such as offering, accepting, or soliciting anything of value to influence the actions of a person in a leadership position. Due to the standards implemented within the company, this topic is assessed as non material.

7.4.1 Key Risks and Opportunities in the Governance Domain

Risks and opportunities within G1 – Business Conduct were analyzed with consideration of the measures already implemented, common industry standards, and existing certifications, particularly IATF 16949, which defines

standards in supplier–customer relationships, supplier management and development, customer relations, and related areas. The resulting scores did not reach the threshold of a material (significant) topic in any sub theme.

An opportunity in the Governance area for our company lies in improving **financial management** and strengthening the focus on managerial accounting – an approach essential for operational control, cost management, and short and medium term decision making. Another opportunity is the revision of quotation and project cost calculations, comparing them with the configuration of the Helios information system and actual performance. These comparisons and measurements will allow us to identify hidden reserves and correctly allocate costs to specific products and projects.

This approach will also enable ALW INDUSTRY, s.r.o. to implement Power BI tools, providing real time visibility into the performance of individual projects, products, and technologies, and to introduce mechanisms for immediate response to any deviations from the desired state or defined performance levels.

7.4.2 Data Points for the Governance Domain

The **Governance** domain at ALW INDUSTRY, s.r.o. focuses primarily on:

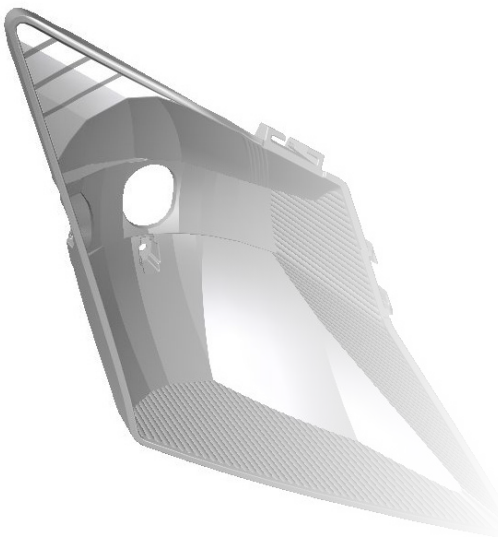
- company management,
- business conduct,
- ethics and compliance,
- leadership structure,
- control mechanisms and accountability.

In 2024, no significant negative impacts, risks, or opportunities were identified in the area of Governance; however, we continue to monitor regulatory developments in line with CSRD and ESRS. From 2025 onward, we will continue both the Double Materiality Analysis and, where relevant, the definition of additional data points in this area.

Looking ahead, ALW INDUSTRY, s.r.o. will focus on strengthening process integrity, digitalizing risk management, and increasing leadership diversity. The values of openness, responsibility, and long term perspective form the foundation of our strategic decisions and have a positive impact on society. Governance serves as a bridge between responsible business practices and a sustainable future.

7.4.3 Company Commitments in the Governance Domain

At ALW INDUSTRY, s.r.o., we remain committed to maintaining high standards of corporate governance. We focus on strengthening transparency in decision making, responsible leadership, and ethical conduct throughout the organization. Systematic risk management, regulatory compliance, and continuous improvement of control mechanisms are key priorities for us. We also commit to open communication with stakeholders and to building a trustworthy business environment both inside and outside the company. Our operations are guided by applicable legislation and ethical principles. Overall, our governance framework is designed to promote transparency, trust, and the prevention of undesirable behavior.



8. KEY INVESTMENTS/EU TAXONOMY

High energy intensity of production, production efficiency, and product quality are key areas influencing the competitiveness of our company. For this reason, most investments made over the past three years have been directed primarily toward these priorities.

Over the past five years, the company has invested more than CZK 95,000,000, mainly in new technologies (production of magnesium components using Thixomolding® technology), energy savings (use of waste heat for heating), and improvements in production processes and work efficiency.

In 2023 and 2024, our company invested a total of CZK 8,900,000 in operational improvements, primarily in two areas:

i) Energy savings

- Use of waste heat for heating
- New curing oven for Paint Shop 2
- Installation of a new compressor
- Air knife cooling and cleaning of castings after the quenching bath and

ii) Pollution/emissions reduction:

- Additional flue gas extraction for the mold annealing furnace
- Extraction of magnesium dust
- New forklift with lower fuel consumption

In 2025, we focused mainly on financial consolidation and more accurate cost allocation. For this reason, we decided to postpone larger investment activities to 2026. During the past year, we therefore implemented only partial steps in the area of operational investments and CO₂ reduction measures – steps that form the foundation for future systematic development. These actions also serve as preparation for the full implementation of EU Taxonomy requirements in 2026, when we plan to align our investment activities with European sustainable finance standards.

The investment projects carried out in 2023 and 2024 were classified as “eligible” under the EU Taxonomy and served as a valuable test of the company’s readiness for future investments. These projects enabled us to verify internal processes and align them with European legislative requirements, which is an important step toward potential investments in 2026.

In our company, investments are linked to the continuous improvement program, where planned and proposed measures related to operations and company management are recorded and managed through an action plan. Efficiency enhancing measures are an integral part of this program.

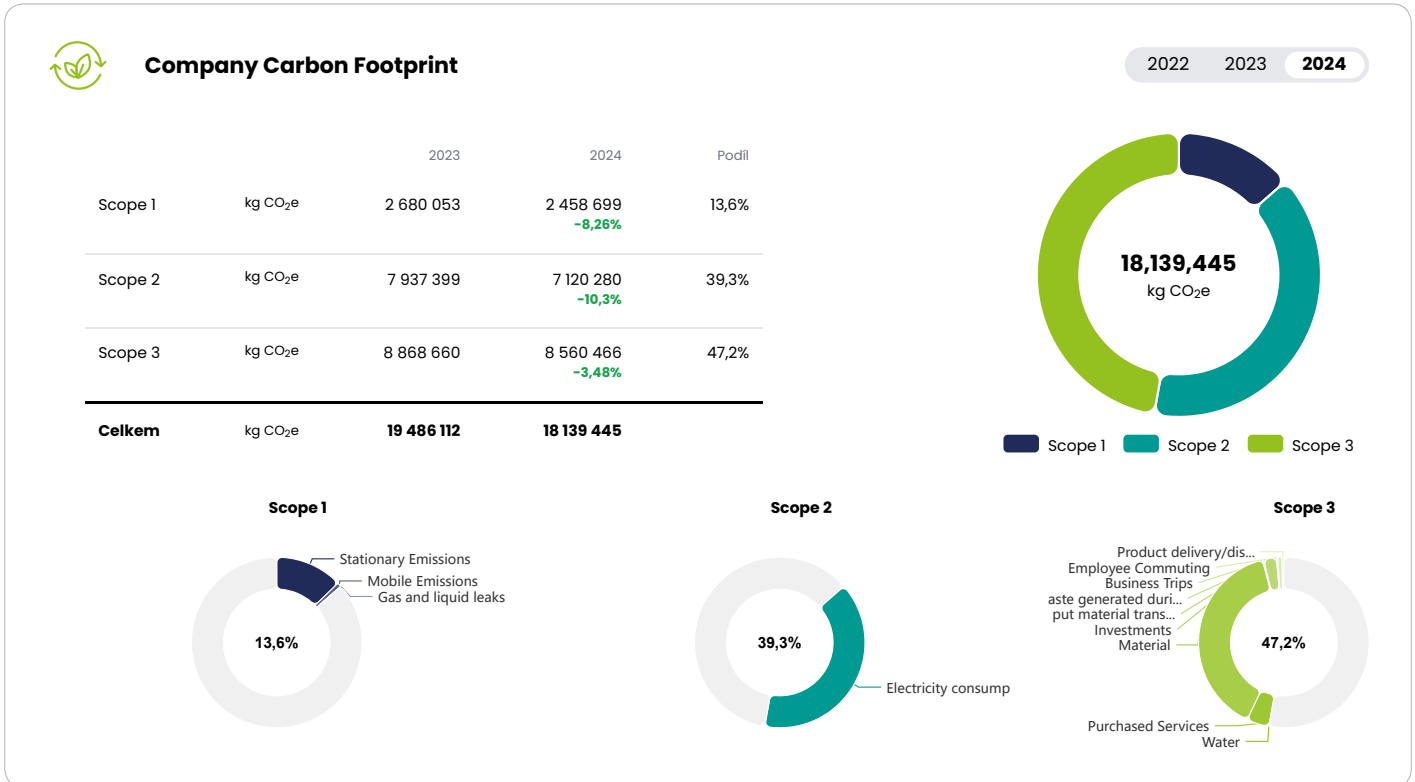


9. CARBON FOOTPRINT OF THE COMPANY

9.1 Carbon Footprint – Summary

We carried out the carbon footprint calculation together with esgrovia s. r. o. in 2025 as our first baseline overview of greenhouse gas emissions for the years 2023–2024. The carbon footprint was calculated for most categories across Scope 1–3 in accordance with the recommendations of the GHG Protocol.

The company’s total emissions reached 18,1 million tonnes of CO₂e in 2024.



High-pressure die casting is highly energy intensive, which is why half of all our emissions come from energy consumption. Approximately 40% of the carbon footprint originates from purchased electricity and another 13% from natural gas consumption.

The second largest source of emissions is the processed material itself, accounting for around 39% of total emissions – despite the fact that 100% of the aluminum used is recycled and sourced through secondary processing.

Relative to revenues, the company’s carbon footprint in 2024 remained at approximately 12.2 tonnes of CO₂e per CZK 1 million of revenue. When compared to the volume of processed material, the carbon intensity decreased from 3.02 to 2.61 kg CO₂e per 1 kg of processed material.

Energy and materials account for more than 90% of our company’s total emissions. Therefore, any effort to refine the accuracy of our emissions calculation or to develop a decarbonization plan should focus primarily on these two areas.

9.1.1 Carbon Footprint – Scope 1

Scope 1 emissions – that is, emissions originating from the company’s own facilities (stationary, mobile, or industrial gases) – accounted for approximately 13% of our total emissions in 2023–2024.

More than 90% of these emissions come from natural gas consumption, which is used for heating and other technological steps within the production process.

Emissions from company operated motor vehicles or industrial processes represent less than 1% of total emissions and therefore do not constitute a significant environmental burden.

The high energy intensity of our operations – specifically the substantial consumption of natural gas and electricity relative to production volume and revenues – represents the company’s greatest economic and environmental challenge for the future.

CARBON FOOTPRINT – SCOPE 1

REFERENCE YEAR: 2024		2023	2024		2023	2024		2023	2024	
		Primary unit			kg CO ₂ e			as % of total		
SCOPE 1				kg CO ₂ e	2 680 053	2 458 699	%	13,75%	13,55%	
Stationary emissions		...	...	kg CO ₂ e	2 487 066	2 314 929	%	12,76%	12,76%	
Natural gas		MWh	13 596	12 657	kg CO ₂ e	2 487 066	2 314 929	%	12,76%	12,76%
Mobile emissions		liters	75 580	56 748	kg CO ₂ e	192 175	142 958	%	0,99%	0,79%
Personal vehicles		liters	59 332	44 210	kg CO ₂ e	148 965	109 588	%	0,76%	0,60%
– petrol		liters	28 060	26 246	kg CO ₂ e	65 802	61 776	%	0,34%	0,34%
– diesel		liters	31 272	17 964	kg CO ₂ e	83 164	47 812	%	0,43%	0,26%
High-lift trucks		liters	16 248	12 538	kg CO ₂ e	43 209	33 371	%	0,22%	0,18%
Industrial emissions		kg	0,50	0,50	kg CO ₂ e	812	812	%	0,00%	0,00%
Cooling mixtures		kg	0,50	0,50	kg CO ₂ e	812	812	%	0,00%	0,00%
R407C		kg	0,50	0,50	kg CO ₂ e	812	812	%	0,00%	0,00%
Scope 1 emissions per unit of revenue		tons CO ₂ e/million CZK			3,49	3,50				
Emissions from Scope 1 per kg of processed material		kg CO ₂ e/Kg			0,91	0,74				
TOTAL					19 486 112	18 139 445				
Revenues		CZK '000			767 886	701 721				
Total Carbon Footprint per Unit of Revenue		tons CO ₂ e/million CZK			25,38	25,85				

9.1.2 Carbon Footprint – Scope 2

Scope 2 emissions – that is, emissions from purchased energy – represent the largest share of the company’s total emissions, accounting for more than 39% of all emissions generated by our operations. Purchased electricity also represents 6,49 of revenues and constitutes the company’s largest cost item.

CARBON FOOTPRINT – SCOPE 2

REFERENCE YEAR: 2024		2023	2024		2023	2024		2023	2024
		<i>Primary unit</i>			<i>kg CO₂e</i>			<i>as % of total</i>	
SCOPE 2				kg CO ₂ e	7 937 399	7 120 280	%	40,73%	39,25%
Electricity consumption	MWh	14 595	13 093	kg CO ₂ e	7 937 399	7 120 280	%	40,73%	39,25%
Steam and heat	MWh	...	...	kg CO ₂ e	0	0	%	0,00%	0,00%
TOTAL		kg CO₂e			19 486 112	18 139 445			
Revenues		CZK '000			767 886	701 721			
Scope 2 emissions per unit of revenue	tons CO ₂ e/million CZK				10,34	10,15			
Emissions from Scope 2 per kg of processed material	kg CO₂e/Kg				2,71	2,15			

9.1.3 Carbon Footprint – Scope 3

Scope 3 emissions represent the largest share of the company’s carbon footprint, accounting for more than 47% of total emissions in 2024.

Purchased materials (39% of the total footprint), investments (0,25%), and material transport (around 2%) make up the dominant portion of Scope 3 emissions in our company.

Consumption of key materials – aluminum ingots and magnesium chips – accounted for roughly 39% of total emissions in 2024. Since 100% of the aluminum used comes from recycled sources and emission factors are currently estimated, obtaining more accurate data from suppliers is one of the priorities for refining the carbon footprint calculation in the next reporting period.

Most other Scope 3 categories are relatively marginal and secondary for any potential decarbonization plan, although they can still provide useful insights for company management.

All materials and packaging used in production have been integrated into the esgrovia application. This enables automated carbon footprint calculations for each product and allows us to offer potential customers different options – both cost based and emission based – in multiple language versions.

CARBON FOOTPRINT – SCOPE 3

REFERENCE YEAR: 2024		2023	2024		2023	2024		2023	2024
		Primary unit			kg CO ₂ e			as % of total	
SCOPE 3				kg CO ₂ e	8 868 660	8 560 466	%	45,51%	47,19%
Water	m ³	25 268	21 642	kg CO ₂ e	4 578	3 476	%	0,02%	0,02%
Purchased services	million CZK	76,47	63,68	kg CO ₂ e	981 624	769 271	%	5,04%	4,24%
Rental of Non-Residential Premises	million CZK	0,54	0,26	kg CO ₂ e	14 487	7 006		0,07%	0,04%
Professional and Technical Services	million CZK	6,78	8,44	kg CO ₂ e	30 378	37 999		0,16%	0,21%
Property Management and Maintenance Services	million CZK	1,11	0,81	kg CO ₂ e	5 391	3 939		0,03%	0,02%
Logistics and Business Travel	million CZK	9,72	8,75	kg CO ₂ e	76 957	69 327		0,39%	0,38%
Communication and Administrative Services	million CZK	0,32	0,40	kg CO ₂ e	1 166	1 483		0,01%	0,01%
Financial and Insurance Services	million CZK	4,33	3,69	kg CO ₂ e	38 302	33 078		0,20%	0,18%
Retail and Wholesale Trade	million CZK	41,18	31,02	kg CO ₂ e	640 102	482 248		3,28%	2,66%
Other Services	million CZK	12,15	10,01	kg CO ₂ e	173 578	133 171		0,89%	0,73%
Material	kg	2 932 630	3 274 439	kg CO ₂ e	6 553 612	7 058 962	%	33,63%	38,91%
Aluminium material	kg	2 671 630	2 679 780	kg CO ₂ e	3 684 178	3 695 417		18,91%	20,37%
Magnesium chips	kg	261 000	286 000	kg CO ₂ e	2 869 434	3 144 284		14,73%	17,33%
Agricultural material	kg	...	75 187	kg CO ₂ e	...	4 135		...	0,02%
Processed material	kg	...	6 287	kg CO ₂ e	...	25 189		...	0,14%
Oil products and packaging	kg	...	227 185	kg CO ₂ e	...	189 936		...	1,05%
Packaging	kg	...	45 127	kg CO ₂ e	...	2 537	%	...	0,01%
Investments	million CZK	87,86	5,00	kg CO ₂ e	781 991	44 492	%	4,01%	0,25%
Fuels and energy not included in Scope 1 or 2		...	...	kg CO ₂ e	...	...	%	...	...
Transportation of input material (Upstream transport)	km	449 009	495 124	kg CO ₂ e	391 557	432 223	%	2,01%	2,38%
Waste generated during operation	tons	80,9	978,1	kg CO ₂ e	518	40 474	%	0,00%	0,22%
Business trips	room/night	...	...	kg CO ₂ e	857	3 679	%	0,00%	0,02%
Employee commuting		...	...	kg CO ₂ e	102 004	142 801	%	0,52%	0,79%
Product Transport/Distribution (Downstream transport)		...	...	kg CO ₂ e	51 919	67 103	%	0,27%	0,37%
TOTAL				kg CO₂e	19 486 112	18 139 445			
Emissions from Scope 3 per unit of sales	tons CO ₂ e/million CZK				11,55	12,20			
Emissions from Scope 3 per kg of processed material	kg CO ₂ e/Kg				3,02	2,61			

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DIRECTOR'S CLOSING REMARKS

As ALW Industry s.r.o., we approached the preparation of our first ESG report with a certain degree of caution, yet with a genuine interest in gaining a deeper understanding of our own operations. This process allowed us to look beneath the surface of our daily activities and analyze areas that we had previously taken for granted.

The results not only confirmed many of our existing strengths but also revealed several unexpected insights that motivate us to continue improving.

We view the ESG report not merely as a formal component of corporate responsibility, but above all as a tool for strengthening the trust of our employees, customers, and business partners.

The process of data collection and evaluation has shown us that sustainability is not a one time goal, but a journey – a journey we are prepared to continue developing thoughtfully. Our intention is for the values of sustainable and transparent business to become a natural part of our corporate culture.

We believe that this effort helps reinforce the good reputation of ALW Industry s.r.o. and creates an environment in which everyone contributing to our success can take pride.

Adam Lép

