



**LSV**  
Lech-Stahl Veredelung

# CYCLE. ECONOMY. LIFE.

Sustainability report  
LSV Lech-Stahl Veredelung  
2022 financial year





# Foreword



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Dear readers,

**M**any companies are now pursuing the goal of making their contribution to a better world. The specific challenge here is to maintain a balance between economic key figures and ecological and social responsibility along the value chain.

Originating in forestry, the term sustainability refers to the creation of a stable equilibrium: no more wood should be felled in the forests than will grow back within the period of consumption. Today's view and definition of sustainability therefore still involves future generations on whose backs we should not satisfy the needs of the present.

Accordingly, we at LSV Lech-Stahl Veredelung understand sustainability as the maxim of action of an ecological, economic and social balance. As a company, we base our routines on this balance. This is made possible by our material – steel – which has always been almost completely recyclable. We source our primary material almost exclusively regionally from our parent company. Its steel is produced from 100 per cent recycled scrap, melted in a low-CO<sub>2</sub> electric arc furnace. Given that we map the entire range of the steel-related value chain within the Group itself, we thus live the circular economy every day.

Our sustainable identity is supported by our employees, who demonstrate every day with great dedication that the careful use of energy and resources is an obligation to ourselves, our business partners and the generations to come.

This sustainability report therefore not only serves to highlight LSV's sustainability work to date, but also shows the contribution of a steel company to changing the world for the better.

This sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) "Core Option" standards.

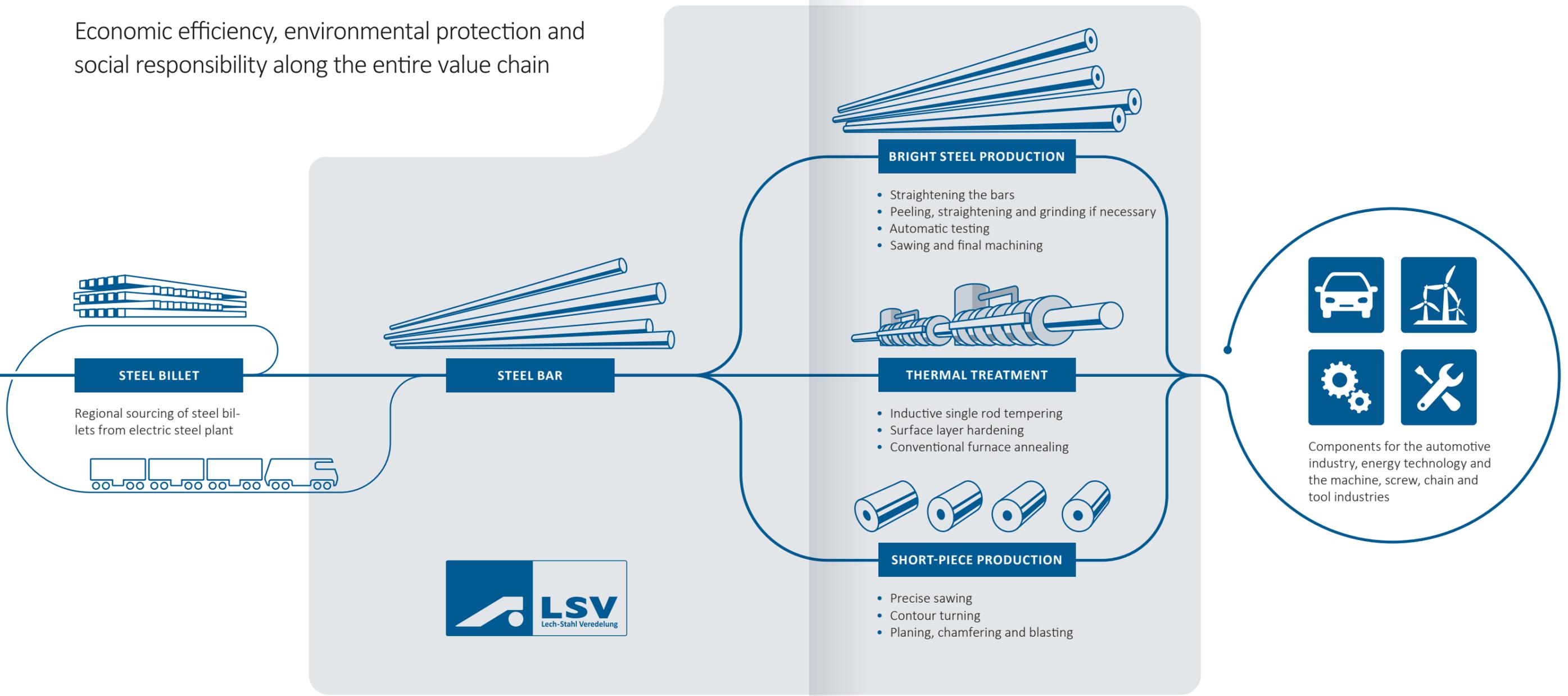
We hope that it is an enlightening read.

Your Management Board

*Elke Dannenhauer* — *Mario Reichert*  
Elke Dannenhauer                      Mario Reichert

# LSV Lech-Stahl Veredelung

Economic efficiency, environmental protection and social responsibility along the entire value chain



 **100%**  
recycled steel

 **106,000 t**  
of steel machined per year

 **311**  
employees of different nationalities

 IATF 16949, ISO 9001,  
ISO 14001, ISO 50001  
certified production

 **100%**  
of the steel scrap from production  
is reused

 **100%**  
of the steel used can be reused  
as often as desired



Aerial view of the Oberndorf am Lech plant

Company & added value

# Supplying quality

We are part of the Max Aicher Foundation Group. Our range of products covers a wide spectrum of steel finishing. We see ourselves as a development partner for our customers. We are committed to stability and sustainability in our products, in our customer relationships, towards our neighbours, other stakeholders and within the company.

## Company profile

**W**e, LSV Lech-Stahl Veredelung GmbH (short: LSV), are a German company and specialist in thermal treatment and mechanical processing of steel bar products. The individual production stages include thermal treatment, bright steel production, processing of steel bar and short-piece production. The end products are bright steel or short pieces made from it with different technological properties. We mainly obtain the bar steel from Lech-Stahlwerke, of which we are a wholly-owned subsidiary, and from the Annahütte steelworks. The products are manufactured specifically for our customers.

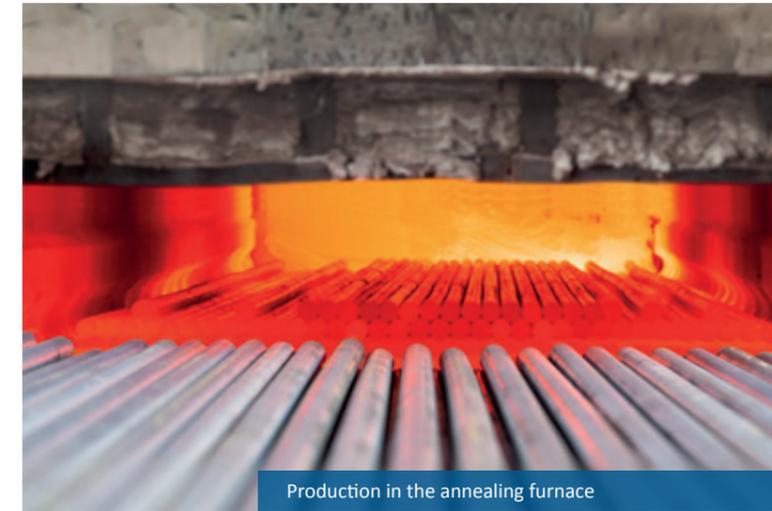
Our bar steel can be found in many vehicle components of well-known car manufacturers. Whether in engine production, in the drive train and chassis, in steering components or in e-mobility – our steel provides the necessary stability. Other customers include those from the agricultural machinery, mechanical engineering, toolmaking and energy industries. The main sales areas are Germany and neighbouring European countries.

LSV Lech-Stahl Veredelung is part of the Max Aicher Group, which has been under the umbrella of the Max Aicher Foundation since 2015. The main location is in Landsberg am Lech, and there are two other production plants in Oberndorf am Lech and Meitingen. Our Management Board consists of two managing directors with power of representation, who are also part of the inner management circle of the Max Aicher Group. Half of the LSV Management Board is female.

### Economic performance and framework conditions

We generated around 178 million euros in turnover in 2022. The quantity of products delivered was 106,360 tonnes. There were a total of 311 permanent employees at LSV in 2022.

The shortage of semiconductors in the automotive industry led to a drastic cutback in production worldwide and especially in Germany from the second quarter of 2021. LSV's production was also affected. A recovery of the supply bottleneck is not forecast until 2023. At the same time,



Production in the annealing furnace

the change in mobility is gaining momentum. The transformation of drive technology from the combustion engine to electric drive is accompanied by a significant decline in the volume of bar steel.

Further challenges for us include the German Climate Protection Act and the European "Fit for 55" package. Both regulations are already leading to a high cost burden for the steel industry today, and the trend is rising.

### ECONOMIC KEY FIGURES (rounded)

	2020	2021	2022
Turnover in million euros	104.6	143.8	178.3
<b>Total production</b>			
Gear rack blanks (quantity)	3,100,000	3,500,000	3,250,000
Inductive single rod tempering (t)	36,432	45,014	48,609
Inductive surface layer hardening (t)	3,250	4,104	4,715
<b>Sales volume in t (total)</b>	<b>97,477</b>	<b>111,416</b>	<b>106,360</b>

# Values and compliance

## Our basic principles

We respect international human rights. We recognise the core labour standards of the International Labour Organisation (ILO) – without exception. We always evaluate and take into account the impact of our business decisions and actions in economic as well as social and ecological terms.

## Our mission statement

The Max Aicher Foundation has defined binding principles and guidelines for the entire Group, which also apply to LSV. They are summarised in the group's mission statement under the title "Our goals, our values, our actions".

Our actions are guided by universally valid ethical values and principles – in particular integrity, righteousness, respect for human dignity, openness and non-discrimination of religious affiliation, world view, gender or origin.

More detailed information on the values of the Max Aicher Foundation, the mission statement and the approach to sustainability can be found on the website of the Max Aicher Group.

## Vision, mission and values

Under the mission statement of the Max Aicher Group, LSV has a complementary value system that builds on our vision and mission. We have published this supplementary value system on the LSV website at <https://www.lech-stahlveredelung.de/en/company/philosophy/>.

## Vision

Our steel products are the result of continuous dialogue with our customers. We do this because we want to exceed the requirements of the market leaders in the metalworking industry and develop as a partner at eye level in the long term.

## Mission

It is our daily incentive to supply our customers quickly and flexibly ex works. Immediate availability and high quality are the hallmarks of our steel products. Our price reflects our high level of reliability, service and performance fulfilment. We are committed to stability and sustainability in our products, in our customer relationships and in our internal relations. We continuously support our employees in continuing to develop. Since active employees form our foundation as a sustainable and successful company.

## Values

**Respect:** We treat other people without prejudice, with tolerance and fairness. We communicate openly and leave no one in the dark about our intentions.

**Trust:** We deliver what we promise. The trust placed in us is the basis of our actions and an integral part of our integrity.

**Passion:** As active employees, we inspire and perform with passion, thereby creating economic success. We overcome boundaries and surpass ourselves.

**Reliability:** You can rely on us because we keep our promises to customers, suppliers and colleagues.

**Willingness to change (courage):** We face changes openly and courageously. We face new challenges with all our creative will. We take confidently measured risks and make decisions because we are not afraid of making mistakes.

**Freedom for creativity:** We are open to new ideas, rethink what we can do differently every day and make improvements. We work creatively on solutions and provide the necessary room for manoeuvre.

**Honesty:** We communicate openly, honestly and are open to criticism. We formulate our expectations clearly both internally and externally. We pass on information that leaves no room for misinterpretation.

## Conduct in accordance with rules

Of course, we follow the applicable laws in all corporate matters. Furthermore, we adhere to internal guidelines and ethical principles. This includes, among other things, rejecting corruption, bribery and anti-competitive behaviour. We promote transparency, acting with integrity, responsible management and control within the company. Our business activities generally pursue fair competition. We respect the right to property, which includes both tangible and intellectual property.

We also comply with applicable laws in terms of environmental protection as well as in social and economic areas. Accordingly, there were no proceedings in the reporting period.

In addition to the mandatory principles and guidelines, LSV has a General Code of Conduct (GCC). It defines the standards for employee conduct in business, legal and ethical matters. We expect every employee to consistently comply with these and other guidelines – we do not tolerate violations and act accordingly. In addition to the GCC, there is a separate guideline for dealing with gifts, invitations and benefits. The Code of Conduct has been handed out to all employees.

The topics of corruption and corruption risks are handled by the Group's Compliance Officer, who is also responsible for LSV. This internal whistleblower system can be used to report violations in the areas of antitrust law, corruption or money laundering, for example.

# Sustainability management

## Understanding sustainability

For us, sustainable business means taking equal account of financial, environmental and social aspects in our company decisions. We are aware of the impact of our business activities. That is why we take responsibility in the following areas:

**Doing business:** We attach importance to a supply chain that is as sustainable as possible and to long-term customer and supplier relationships. We incorporate the concerns of our stakeholders into our sustainability strategy as part of the materiality analysis.

## Data protection

Handling personal data securely is of key importance to our company. Managers are responsible for compliance with and implementation of data protection in their area. An external data protection officer checks compliance with the GDPR. The data processing procedures are designed to be transparent. All legal requirements are strictly adhered to when processing personal data. Our privacy policy according to GDPR is published on our website. In addition, there are data protection notices for special groups of persons/interests. Employees are regularly sensitised to data protection through training. Neither in the reporting period nor in previous years were there any complaints from the authorities or customers regarding a breach of data protection.

## Taxes

The Max Aicher Group does not pursue an inappropriate tax avoidance strategy. It pays taxes where it creates value. As a company based purely in Germany, LSV does not pursue a tax strategy. The Max Aicher Group's tax assignments are outsourced to an external tax consultant. On behalf of the group and within the scope of the legal obligation, this company transmits country-by-country reports for all group companies to the German Central Tax Office (Bundeszentralamt für Steuern). The tax information is generally based on the Group's consolidated financial statements, which are prepared by an independent auditing firm.

**Environment:** We pursue the most resource-efficient production possible. Environmental protection measures and the reduction of energy consumption are also important to us. We want to make our impacts transparent and continue to reduce them.

**Employees and society:** We want to offer our employees an attractive working environment. In addition, team spirit is very important to us. Beyond our core business, we assume social responsibility and support charitable projects, for example.

### Managing sustainability

Our managers propose solutions and make decisions on economic, ecological and social issues. The final decision on implementation is made together with the Management Board. In doing so, we also involve the employee representatives within the prescribed framework. Comprehensive investment decisions are coordinated with the shareholder due to the legal status of the company.

Our corporate strategy is accompanied by an integrated management system (includes IATF 16949:2016, ISO 9001:2015, ISO 14001:2015 and ISO 50001:2018). It helps us to constantly improve processes and products. LSV's corporate goals are set annually. For example, there are strategic corporate goals as well as quality, energy, environmental and occupational health and safety goals. These goals are implemented by means of an action plan.

### In dialogue with stakeholders

We are in continuous exchange with our stakeholders. The employees and customers, the parent company, the Max Aicher Foundation, the sister companies, the works council, suppliers, research and development partners, insurance companies, banks, the employers' liability insurance association, the factory inspectorate, local residents, environmental associations, certification bodies, local companies, our site communities and the relevant district offices are all of great relevance to LSV.

The exchange with our stakeholders takes place in accordance with the requirements and needs of the respective stakeholders. This includes personal conversations, personal contact at events or memberships in associations.

The focus of the stakeholder dialogue is on the business operation itself. In addition, the stakeholder groups are involved in strategic development. In the reporting year, the focus was particularly on the issue of security of supply. We deal with the aspects of occupational safety and the environment mainly in cooperation with authorities and agencies. Residents living near our production sites turn to us with issues such as noise and traffic pollution or the search for a place in a kindergarten.

Via the Max Aicher Foundation, LSV is involved in the Association of German Ironworkers (Verein der Deutschen Eisenhüttenleute, VDEh) and the German Steel Federation (Wirtschaftsvereinigung Stahl, WV Stahl). As part of our

membership in WV Stahl, we participate in the hydrogen project group together with other German steel manufacturers. We are also a member of the bayme employers' association for the metal and electrical industry in Bavaria. LSV is also a member of the Hydrogen Alliance Bavaria.

### Key issues

LSV has conducted a materiality assessment together with an external sustainability consultancy. The starting point was the examination of relevant sustainability issues, taking into account the industry, business model, global challenges as well as legal and social framework conditions. This was the result of a list of potentially relevant sustainability issues. These topics were then prioritised in a survey and a workshop with specialist departments and the Management Board. Internal and external stakeholder expectations were taken into account, as well as the impact of our business model on people, the environment and society.

We have defined the following as key issues:

#### Company & added value:

- Compliance and business ethics
- Information and IT security
- Product reliability
- Sustainable supply chain management

#### Environment & energy:

- Energy and emissions in operation
- Water and wastewater
- Sustainable and innovative products for customers
- Circular production processes
- Biodiversity
- Transport and logistics
- Adaptation to climate change / resilience

#### Employees & society:

- Attractive working environment
- Apprenticeship and continued training
- Health and safety
- Diversity and equal opportunities
- Social engagement

## Product quality and reliability

### Quality standards and audits

We offer our customers refined quality steel with a wide range of products and various applications. Compliance with legal regulations and recognised standards is an essential part of our work. In addition, our manufacturing process is always state of the art. Our Integrated Management System (IMS) is fundamentally designed to reliably prevent possible errors in advance. All products in our company are manufactured in accordance with the IATF 16949 and ISO 9001 standards. Compliance with the requirements of these quality standards is checked in annual external quality audits and in regular internal audits.

Like every company in the automotive supply chain, LSV is obliged to ensure the safety and conformity of its products. We have established a company suggestion scheme with the internal name "Ideenschmiede" (think tank). As



part of the induction process, all employees are provided with training regarding quality.

## Responsible procurement

### Suppliers

LSV tries to use regional manufacturers whenever possible. More than 90 per cent of the steel is sourced from the Max Aicher Group, the rest from a supplier in Switzerland. We check with this supplier at least once a year to see if they are complying with the specifications regarding conflict minerals.

### Environmental requirements for suppliers

From our primary material suppliers and external service providers, we require a certified quality management system according to IATF 16949 or alternatively a certified system according to ISO 9001, combined with the requirement for further development to IATF 16949 as well as assessment of conformity with other quality management system requirements specified by the customer. A primary material supplier already certified and approved according to ISO 9001 can be classified as a "set supplier" if they fully comply with our requirements and the risk analysis results in a positive assessment. Alternatively, an assessment from an OEM customer or by a company approved by the OEM customer may be recognised. New suppliers are checked by means of supplier self-disclosure and audits.

The implementation of energy management systems at our suppliers also ensures constant analysis of potential for improvement and savings in the area of energy efficiency and optimisation of the carbon footprint.

In general, our suppliers should be able to provide evidence of a management system in a supplier self-disclosure. A supplier needs to ensure that all processes, products and services they provide comply with the respective applicable legal and regulatory requirements of the exporting country, the importing country and the country of destination we specify. We continuously monitor the quality standard of our primary material suppliers. The assessment of these primary material suppliers takes the form of an annual supplier evaluation. In addition, quality talks are held with them at regular intervals. Suppliers who repeatedly fail to meet our quality standards are replaced.

In the quality assurance agreements (QAA), we require our primary material suppliers to apply a suitable quality management system in accordance with ISO 9001 or IATF 16949 and to provide evidence of corresponding certification.



## Responsibility for the environment

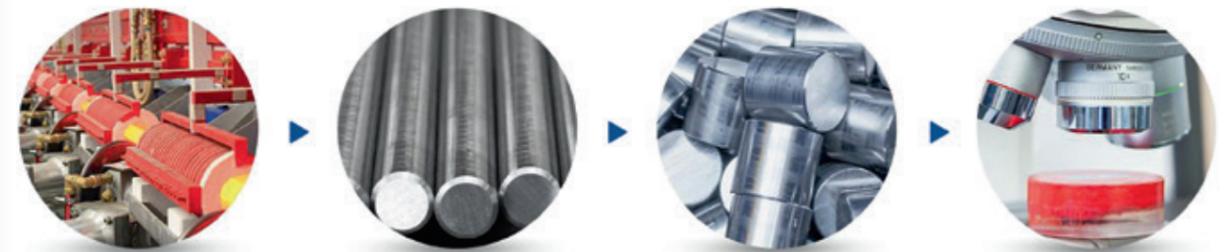
**A**s part of the Max Aicher Group and as a subsidiary of Lech-Stahlwerke (LSW), a responsible approach to the environment is also essential for LSV. In order to be successful on the market in the long term, we consider resource and climate protection to be our particular strengths.

LSV does not produce any steel itself, but processes mainly recycled steel from the steel and rolling mills of the Max Aicher Group for its products. We produce peeled bar steel from this high-quality secondary raw material. Our company specialises in inductive thermal

treatment for tempering and surface layer hardening. We produce short pieces and gear rack blanks, which are products in demand in the automotive industry, in mechanical and plant engineering, in the commercial vehicle industry (trucks, buses, trains) and in the energy and construction sectors.

### Lech-Stahl Veredelung value chain

As with any industrial company, our business activities have an impact on the environment, mainly in the form of energy consumption and greenhouse gas emissions.



Thermal treatment

Bright steel production

Short-piece production

Materials testing

### Certified quality and environmental management

In order to continuously improve our environmental performance, our three locations Landsberg am Lech, Oberndorf am Lech and Meitingen work according to a certified environmental management system in accordance with ISO 14001. In 2012, this was supplemented by an energy management system according to ISO 50001. Furthermore, we are certified for quality assurance according to the quality management standard ISO 9001 as well as according to the quality management standard of the automotive industry, IATF16949.

All management systems are audited by external parties at regular intervals and recertified after passing the audit process. Our currently valid environmental management

certificates, the energy management certificates and all quality-relevant certificates can be obtained as downloads from the LSV website.

The respective plant management is responsible for environmental and energy management at the three LSV locations. LSV regards environmental protection as an essential component of corporate management and ensures that it is translated into concrete goals and rules of conduct. We promote responsible behaviour among our employees through regular training on quality, energy and environmental protection topics. The content of these training courses is derived from customer requirements and the relevant management standards.

Environment & energy

## Conserving resources

Steel production is energy intensive. We consistently reduce the associated climate impact by using one hundred percent steel scrap, through energy efficiency and short distances – and now also through alternative energy sources. Since we also recycle and market our residual materials as by-products, we have a closed raw material cycle.

Many processes at LSV are environmentally relevant in one form or another because they require **energy**, such as

- Gas-powered furnaces, peeling machines and equipment for straightening polishing
- Hardening of the bar steel in inductive tempering plants
- Testing facilities for the bright steel lines
- Monitoring of the production processes with state-of-the-art laboratory technology
- Provision of compressed air
- Lighting and IT
- Transport logistics

Require **resources**, such as

- Machinery and equipment
- Oil, solvents
- Oil binding agents
- Soil sealing

## Saving energy

**E**nergy management at LSV is defined by the requirements of the ISO 50001 management standard, which are specified by process descriptions, work instructions and training courses. The energy management system is certified by external auditors at all three LSV locations.

The energy sources used at LSV are primarily electricity and natural gas. The significantly lower consumption values in 2020 are due, on the one hand, to the restrictions in the wake of the Covid-19 pandemic but, on the other hand, also result from our systematic search for savings potential.

### ENERGY CONSUMPTION, 2020-2022

in kWh	2020	2021	2022
Electricity	29,194,832	35,032,820	37,019,552
Natural gas	12,399,801	12,881,518	10,521,516
Diesel	553,495	438,169	483,726
<b>Total</b>	<b>42,148,128</b>	<b>48,352,507</b>	<b>48,024,794</b>
Energy intensity (in kWh/t)	432.39	433.98	451.53

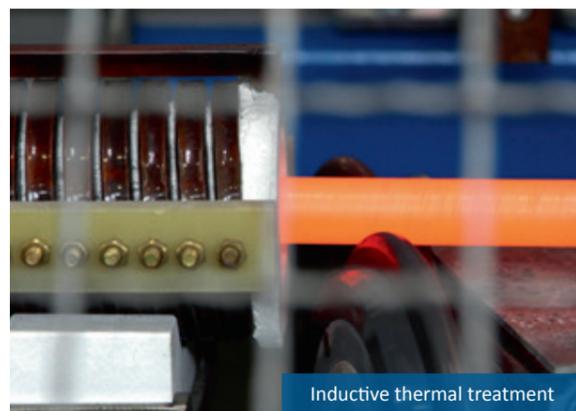
Create **waste**, such as

- Peeling and polishing
- Grinding the bright steel
- Manufacturing high-precision short pieces with integrated end machining

Are **safety-relevant**, such as

- Storage of hazardous substances
- Use of chemicals

In all areas, process descriptions as well as work and operating instructions ensure that there is a basis for responsible behaviour in organisational and production-related situations and processes.



The share of renewable energy (in the form of green electricity) was around 10 per cent in 2020, rising to around 15 per cent in 2021 and to 24 per cent in 2022. As the Max Aicher Steel Division aims to operate in a climate-neutral manner by 2040, we will significantly increase the share of green electricity over the coming years. Indirectly, we will also reduce our carbon footprint and thus make a measurable contribution to climate protection.

The natural gas used in the furnaces cannot be replaced so quickly. The examination of suitable alternatives has become a priority – also due to current political events and the associated uncertainty of energy supply.

### Increasing energy efficiency

For ecological as well as economic reasons, we are committed to greater energy efficiency. One of several indicators of energy efficiency is energy intensity, measured in energy consumption per tonne of steel products shipped (see table on page 12 for three-year values).

As part of our energy and environmental programme, we are working on many levers to reduce our energy consumption and operate in an increasingly energy-efficient manner. In recent years, for example, we have successfully optimised the steel refining processes by introducing

covers between the coils or inductors. As a result, less heat escapes, leading to energy savings of almost 30 MWh per year. This is part of a systematic process optimisation with the goal of energy optimisation, which we will continue this year and over the coming years.

Our plant control is digital throughout, with the result that we work highly efficiently in terms of process and quality. In order to save electrical energy, we have recently replaced both the servers and the PCs in the administration of the Oberndorf and Landsberg locations with more energy-efficient devices. This saves more than 3 MWh per year.

## Reducing emissions

**T**he climate crisis is a major social challenge. As it affects almost all sectors of the economy and too little has been done so far to combat it, the need for a solution is becoming increasingly urgent if the internationally agreed climate protection goals are still to be achieved and further climate-related damage averted.

There is no question that the solution to the climate crisis lies in reducing and ultimately ending the emission of greenhouse gases (soon!), especially CO<sub>2</sub>, which is produced by the combustion of carbon-based energy sources. As part of the Max Aicher Steel Division's climate strategy, the environmental and energy management systems of Lech-Stahl Veredelung also aim to reduce energy consumption and the associated CO<sub>2</sub> emissions. Compared to the classic blast furnace, which is predominant in the German steel industry, Lech-Stahlwerke produces its high-quality steel in electric arc furnaces. This process is already much more climate-friendly than the blast furnace. In cooperation with LSW, LSV is also working on measures to achieve the overarching climate goals of the Max Aicher Steel Division. The main goal is to achieve climate neutrality by 2040.

Reducing CO<sub>2</sub> emissions is addressed as part of environmental and energy management at LSV. Responsibilities,

methods and processes for data collection are described in detail in the corresponding management systems. They are well established at the company's three locations through regular audits and recertification to ISO 14001 and ISO 50001.

### Risks and opportunities

As part of our Group-wide risk management, we also address the economic and regulatory risks and opportunities of climate change. This also includes the effects of political guidelines from the EU and German government. In cooperation with other companies and universities, we are looking for and testing alternative processes that will help to reduce our emissions in the future. The energy efficiency measures described above are concrete and already implemented ways to achieve this goal because, for as long as energy sources are not one hundred per cent renewable and CO<sub>2</sub>-neutral, energy consumption and emissions will remain linked.

LSV-specific risks exist, for example, in rising energy prices, caused among other things by CO<sub>2</sub> pricing, and the resulting increase in production costs. Changes in our customers' sales markets can also have an impact on us, for example if demand for cars with combustion engines declines. The tightening of laws or official requirements may, under certain circumstances, mean that the contin-

ued operation of individual machinery and equipment is no longer possible. Rising temperatures in the wake of climate change can also mean that the cooling capacity installed in the plants is no longer sufficient and expensive expansions become necessary.

In contrast, LSV can benefit from the fact that customers are increasingly demanding sustainable and climate-neutral steel products. In addition, new sales markets can be opened up in the area of environmental technologies, especially wind power generation.

## Our CO<sub>2</sub> reduction strategy:

With our low-carbon steel programme, LOCAS for short, we want to advance the transformation and produce, process and refine steel in a more climate-friendly manner. That is why the Max Aicher Steel Division set up a working group in December 2020 to promote decarbonised steel – also known as green steel. In this Group-wide CO<sub>2</sub> reduction strategy, eight sub-programmes are being worked on, including recycling management, scrap optimisation, electrical engineering and electricity procurement. In addition, we have defined priority topics that we want to address more concretely as the first step:

## LOCAS LOW-CARB STAHL AUS BAYERN

- Establishment of an innovation and transformation process at LSV
- Investments in the modernisation of system technology to reduce energy consumption
- Gradual increase or use of green electricity in production in line with market requirements
- Considerations on the feasibility of green self-generation of electricity
- Use of waste heat to reduce external energy demand
- Increased training of employees and extended implementation of the sustainability concept throughout the company

### Transport logistics

Part of our CO<sub>2</sub> emissions are not generated within the company itself, but by transport logistics, which include the transport of raw materials to our sites as well as the delivery of our products and the commuting of employees.

The raw steel is delivered by truck. The vast majority of the transport comes from very close by, Lech-Stahlwerke in Meitingen. Delivery is made by truck as direct deliveries to our customers. Only in a few cases do we take our products to an intermediate storage facility in advance.

In order to further reduce transport-related emissions in the future, we measure the CO<sub>2</sub> emissions per tonne of product shipped and actively explore optimisation potential. The internal vehicle fleet is gradually being converted to electric vehicles, such as industrial trucks, platform trucks and forklifts. For employee transport and business travel by car, we had set an internal target for our pool and business vehicles for the 2022 financial year and will also use this indicator to reduce emissions in the future.

### The company's carbon footprint

LSV has been recording its corporate carbon footprint (CCF) since the 2020 reporting year. The calculation is made according to the internationally established specifications of the Greenhouse Gas Protocol and is divided into direct emissions, for example from our consumption of gas (Scope 1), indirect emissions, such as the purchased electricity (Scope 2), and external emissions, such as the steel pre-chain, the electricity pre-chain, logistics, etc. (Scope 3).

For a more progressive analysis, LSV calculated the Product Carbon Footprint (PCF) for certain product groups using the cradle-to-gate approach for the first time in 2021. This will be verified by an external service provider in 2023.

A company-specific calculation tool was created for the calculation of the PCFs. The company's aggregated emissions are taken into account.

The calculation is modular, with each module corresponding to a specific process step of LSV. To determine the spe-

cific PCF for each product category investigated, the normalised emissions of the individual process steps are added up accordingly. The following illustration shows the values for selected products with regard to Scope 1 and 2 emissions.

### CO<sub>2</sub> INTENSITY<sup>1</sup>

in t CO <sub>2</sub> e / t steel	2020	2021
Inductive thermal treatment	0.1536	0.1508
Conventional thermal treatment	0.1266	0.1379
Bright steel production	0.0288	0.0245
Short-piece production	0.0336	0.0298

<sup>1</sup> Information is not available for 2022 and will only be updated again next year.

### Noise protection measures

Noise is one of the locally significant emissions from our activities. In this regard, as with all other environmental areas, we comply with all official requirements. At the integrated Meitingen location, which we share with Lech-Stahlwerke, we work closely with LSW. In Meitingen, we enclosed the hydraulic units in housings in 2021 in order to suppress their noise emissions. We also take greater care to ensure that the gates of our production halls are closed to reduce noise pollution for residents.

## Materials: recycled and renewable

LSV essentially procures secondary raw materials in the form of steel scrap. The volume we process amounts to an annual average of around 100,000 tonnes.

Another significant factor in our material consumption is the renewable raw material wood, which we obtain from suppliers in the immediate vicinity. These include, for example, squared timbers, wedges, insert and cover boards made of – depending on the product – oak, beech or spruce. In addition, there are ready-assembled wooden crates. The wood serves as protection during transport and storage and prevents damage that could potentially occur.

### MATERIALS USED, 2020-2022

	2020	2021	2022
Wood			
Oak wedges (in pieces)	20,034	31,038	31,248
Beech square timber 8 × 8 × 125 cm (in m <sup>3</sup> )	49.56	46.12	46.6
Spruce squared timber 8 × 8 × 240 cm (in m <sup>3</sup> )	46.68	54.35	62.67
Spruce planks 4 × 30 × 240 cm (in m <sup>3</sup> )	36.75	35.53	46.99
Insert boards (in pieces)			360
Other squared timber (in m <sup>3</sup> )	171.00 4.79	2.01	3.32



Finished coils of bar steel

To keep our efficiency in material consumption at a high level, we regularly train our employees on how to handle materials, how to control faulty materials or products, and on environmental and energy issues. In principle, all employees take part in this. In order to continuously optimise the processes and procedures, our system experts carry out regular inspections in cooperation with the production departments.

## WASTE PRODUCTION, 2022

in tonnes	2022
Iron and steel	174.10
Iron filings and turnings	14,653.59
Mixed metals	167.00
Mixed municipal waste	110.00
Mill scale	67.00
Wood	13.60
Paper files	3.50
Paper & cardboard packaging	55.00
Plastic packaging	5.18
Used honing and abrasive products	1.92
Blasting media waste	70.00
Mixed construction waste	0.81
Aqueous rinsing liquids	–
Other machine, gear and lubricating oils	–
<b>Total non-hazardous waste</b>	<b>15,321.70</b>
Contaminated metal waste	2,225.19
Metal sludge containing oil	254.05
Sludge from oil and water separators	50.20
Non-chlorinated oils	2.04
Fluorescent lamps	–
Halogen-free machining emulsions	173.50
Waste mixtures from oil/water separators	74.97
Contaminated absorbent and filter materials	27.74
Aqueous washing liquids	–
Waste containing oil	1.62
Batteries & rechargeable batteries	–
<b>Total hazardous waste</b>	<b>2,809.31</b>
<b>Total waste production</b>	<b>18,131.01</b>

## Waste and recycling

Recycling management is a top priority for the entire Max Aicher Group – including LSV. The handling of waste is described in the environmental management system according to ISO 14001 and supplemented in the Integrated Management Manual.

Waste at LSV consists mainly of steel, which is produced, for example, when bar steel is shortened or machined. By far the largest part of this is taken over by Max Aicher Recycling GmbH (MAR) and returned to the company's own steelworks. We do also produce a small amount of hazardous waste, such as contaminated metal waste or metal sludge containing oil. This waste is also taken over and recycled either by MAR or another specialised disposal company from the region. All waste, non-hazardous or hazardous, is completely recycled.



Aerial view of Landberg

# Water and wastewater

Water management at LSV is part of the environmental management system according to ISO 14001. As there is generally no water shortage or other water-related environmental challenges at LSV's sites, this issue has not been one of our major environmental topics in recent years. In the event of prolonged dry periods, which are predicted in the course of climate change, this assessment could change in the future.

The water supply at the three LSV locations is provided by municipal networks, at the Meitingen location also by shallow wells. Water is essentially used for cooling and in

mixed proportions in production processes. In much smaller quantities, it is also used for mixing cooling lubricants and in the kitchen and sanitary areas.

The resulting wastewater from cooling and sanitary areas is returned to the public sewage system. Oil separators ensure that no contamination occurs. Heavily polluted water is received by a service provider and disposed of properly.

## WATER AND WASTEWATER, 2020–2022

in m³	2020	2021	2022
Purchase of fresh water (from external sources), total	31,523	38,818	44,047
Discharge into the public sewer system	31,523	38,818	44,047

# Protecting biodiversity

Recently, more and more studies show that biodiversity – in Germany as well as internationally – is facing increasing threats. Pesticide use in agriculture, overexploitation of tropical rainforests, climate change and many other factors are considered to be responsible. Since a large number of vital natural processes depend on functioning ecosystems, we at LSV Lech-Stahl Veredelung also see it as our duty to protect the biodiversity in our sphere of influence as best we can.

Through water and waste management measures based on our certified environmental management system, we ensure that no direct threat to biodiversity emanates from our locations. None of our locations are situated in or directly adjacent to a nature reserve.

# Sustainable products

**P**roducts made of steel from LSV Lech-Stahl Veredelung can per se claim a high degree of sustainability. This is due

- to the starting material: 100 per cent steel scrap, produced using the electric arc process, with a largely regional supply chain without long transport routes,
- to the certified environmental and energy management system at the three LSV location,
- to social components – from satisfied and secure employees to the social commitment of the Max Aicher Group.

We also actively ensure the safe use of the products we produce. Quality and product reliability go hand in hand at LSV. All managers and their employees are informed about issues of safe use and product liability – all customer, safety and environmental requirements are laid down in corresponding specifications and are strictly adhered to. Of course, we observe all relevant laws, guidelines and technical standards (VDA, etc.).

We can see from our range of customers that our products are used to produce a wide range of applications, which in turn contribute to sustainability in their fields. They include, for example, fastening elements for onshore and offshore wind turbines and electromobility products – including steering components (gear racks, steering pin-



ions) and rotor shaft systems for electric drives, from electric cars to e-bikes. Manufacturers of such and similar products have a guarantee with LSV products that their supply chain is as climate-friendly and sustainable as the current state of the art allows.



Employees & society

## Promoting employees

We want to offer our employees secure and responsible jobs where they find satisfaction and fulfilment in their work. Together we are doing everything we can to ensure healthy and safe working conditions within our company. With our charitable commitment, we want to be a reliable partner for the region.

# Attractive working environment

**A**s a medium-sized Bavarian company in a very specialised industry, the quality of our products and services is indispensable for our economic success. Quality is largely determined by our employees – their know-how, their motivation, their satisfaction, their performance-related pay. We are thus committed to a working environment that is performance-oriented and safe, but also socially just and takes the needs of employees seriously.

All management issues related to employee topics are coordinated by the overall HR management. Responsibilities are described in the Integrated Management Manual and in the Human Resources Management process description. These manuals cover recruitment processes as well as apprenticeships and continued training and workplace health management.

## EMPLOYEE OVERVIEW

each as of <sup>31</sup> December, heads	2020	2021	2022
<b>Total employees</b>	<b>300</b>	<b>304</b>	<b>311</b>
of which women	51	51	49
of which men	249	253	262
<b>Total with permanent contracts</b>	<b>148</b>	<b>136</b>	<b>137</b>
of which women	44	42	42
of which men	104	94	95
<b>Total with fixed-term contracts</b>	<b>2</b>	<b>1</b>	<b>2</b>
of which women	1	0	0
of which men	1	1	2
<b>Total apprentices</b>	<b>21</b>	<b>20</b>	<b>17</b>
Temporary workers	14	16	4

LSV Lech-Stahl Veredelung had 311 employees at its three locations at the end of 2022. The Covid-19 pandemic and the associated economic constraints only reduced our employment numbers slightly in 2020.

Since the satisfaction of our employees also depends significantly on their contract status, we prefer to offer permanent jobs and only generally employ a very small proportion of temporary workers.

Although we strive for a higher proportion of women, our industry is traditionally male-dominated: around 90 per cent of our employees are male. Even though one of our two members of the Management Board is female, the company's management structure is predominantly male.

## GENDER BALANCE IN MANAGEMENT ROLES

	2020	2021	2022
<b>People in Management Board</b>	<b>2</b>	<b>2</b>	<b>2</b>
of which women	1	1	1
of which men	1	1	1
<b>Authorised signatories</b>	<b>2</b>	<b>1</b>	<b>2</b>
of which women	0	0	1
of which men	2	1	1
<b>People in the overall and team management</b>	<b>31</b>	<b>29</b>	<b>27</b>
of which women	3	4	3
of which men	28	25	24

Employee turnover in the company is generally low and averaged 1.26 per cent over the three years mentioned.

For our office jobs, we offer part-time contracts as well as full-time, but this is not possible in production. At the same time, part-time employment relationships at LSV are by no means limited to women, on the contrary. Working part-time enables our employees to achieve a better work-life balance, especially for young parents or employees with family members in need of care.

In 2022, six employees took parental leave, three of them men and three women. Four employees returned from parental leave in 2022, two of them men and two women.

## OFFICE WORKERS: FULL-TIME VERSUS PART-TIME

	2020	2021	2022
<b>Full-time employees</b>	<b>114</b>	<b>106</b>	<b>110</b>
of which women	30	29	26
of which men	84	77	84
<b>Part-time employees</b>	<b>36</b>	<b>31</b>	<b>29</b>
of which women	15	13	16
of which men	21	18	13

The age structure at LSV has not changed significantly in recent years. The demographic change in society has barely had an impact on the company so far.

## EMPLOYEES BY AGE GROUP<sup>1</sup>

	2020	2021	2022
<b>&lt; 30 years of age</b>	<b>85</b>	<b>80</b>	<b>74</b>
of which women	20	23	19
of which men	65	57	55
<b>30–49 years of age</b>	<b>137</b>	<b>150</b>	<b>155</b>
of which women	22	21	23
of which men	115	129	132
<b>≥ 50 years of age</b>	<b>78</b>	<b>74</b>	<b>82</b>
of which women	9	7	7
of which men	69	67	75

<sup>1</sup> not including temporary workers

In addition to further training opportunities and parental leave, the company benefits for our employees include, above all, a company pension scheme, medical care and offers for health promotion, JobRad® bicycle leasing, and in the administrative area also the possibility of mobile

working. In order to achieve an even better work-life balance, employees in the administrative area can work part-time or take advantage of flexible working time models. Our young managers are actively supported in the form of leadership development. We offer older employees the option of partial retirement as well as individual models to make it easier for them to leave the workforce. These benefits apply to all permanent jobs.

We pay our employees competitive salaries and wages in line with their performance; salaries and wages are well above the statutory minimum wage. Managers have the opportunity to receive variable remuneration in addition to their basic salary, which is linked to defined target agreements. Another incentive open to all employees is a bonus for successful placement of new employees.

LSV is not bound by collective agreements. Nevertheless, we always work constructively and properly with the employee representatives. Regular management reviews, meetings and workshops ensure that the two-way flow of information is always guaranteed. In addition, there are internal communication media such as circulars, e-mails, an internal newsletter, and in the future there will be an LSV app. If there is cause for complaint, a grievance body can be contacted in addition to the employee representative body.

## Equal opportunities and diversity

LSV has a General Code of Conduct and a Code of Practice that ensures diversity and prohibits any form of discrimination. Equal opportunities prevail in our company, regardless of origin, gender, religious confession, sexual orientation or other criteria of human diversity. Respect is one of our core corporate values, which we define, among other things, by the fact that we want to treat other people without prejudice, but with tolerance and fairness.

To protect against discrimination, we have set up a complaints office at LSV and provided information about the German General Equal Opportunities Act. There have been no complaints over the past three years.

# Apprenticeship and continued training



Apprentice at the plant

**F**or years, LSV has been training young people in industrial, materials-specific and commercial professions. An apprenticeship at a medium-sized company like LSV allows you to gain an insight into many areas of the company without preempting specialisation. Our technical apprenticeships are (each m/f/x):

- Electronics engineer
- Industrial mechanic
- Machine and plant operator
- Materials tester, focus on metal technology

We offer commercial training for (m/f/x each):

- Warehouse logistics specialist
- Industrial clerk

Divided over the three years of training, we have an average of 20 apprentices in the company.

We offer existing employees a range of different continued training opportunities. Personal needs are usually asked about and budgeted for in discussions with managers – they can include both professional and personal development opportunities. All employees, regardless of their area of assignment, have an appraisal interview once a year to assess their performance and for development planning.

#### APPRENTICES

	2020	2021	2022
<b>Total apprentices</b>	<b>21</b>	<b>20</b>	<b>17</b>
of which women	4	4	4
of which men	17	16	13

# Health and safety

**T**he safety and health of our employees is an essential prerequisite for smooth business operations and thus also for the success of the company. Not least for this reason, but above all in the interest of our employees themselves, we are committed to protecting them from work-related injuries or illnesses. The LSV Integrated Management Manual

and the process description of occupational safety describe the necessary processes and responsibilities. In addition to an occupational safety specialist and 15 safety officers, we have two fire safety officers and the required number of fire safety and first aiders. The occupational safety specialist reports directly to the LSV Management Board.



Employees at a safety briefing

The working conditions at LSV comply at all times with the applicable regulations for occupational health and safety and accident prevention. To further systematise our various precautions, we are currently setting up a formal occupational health and safety management system. The goal is to avoid potential hazards even more consistently and, in the process, to strengthen the safety and risk awareness of employees.

In order to achieve this goal, the Management Board, together with the plant managers, has committed to:

- complying with applicable rules, regulations and laws in the field of occupational health and safety and ensuring their implementation,
- continuously improving occupational safety and health protection within the company with the involvement of the employees,
- providing the necessary resources for this purpose and
- ensuring that occupational health and safety is integrated into all relevant company processes.

In order to support individual employees with occupational safety issues in their daily work, we prepare risk assessments for the various work areas as well as induction concepts and conduct safety briefings. To support occupational health protection measures, we also offer occupational health check-ups that employees take advantage of and supplemented this with a health day that revealed further support aspects for employees. They will be taken up and consolidated in further meas-

ures in future workplace health management. We are also working on workplace-related optimisation for buildings and plant design.

The Covid-19 pandemic also raised awareness of protection against contagious diseases and led to a number of preventive protective measures. The protective measures taken have been supplemented by an “infectious diseases” step-by-step plan so that all waves of illness can be intercepted and operations maintained.

Occupational health and safety is also an important topic of further training within the company. The main training components are general information on occupational safety and fire protection as well as in-depth information on specific workplaces and activities. We provide further specific training courses based on operating and work instructions.

Despite all precautions and training, work-related injuries can never be completely ruled out. We have managed to greatly reduce the number of reportable occupational accidents in recent years. We also record the rate of documentable work-related illnesses that have been recognised as occupational diseases by the employers’ liability insurance association, but we are not allowed to state this for data protection reasons. There were no fatalities.

#### WORKPLACE ACCIDENTS

	2020	2021	2022
Reportable workplace accidents	17	18	14

# Social engagement



LSV employees

**A**s a Bavarian company, we are strong ties with our home state of Bavaria. For this reason, we are also a member of the Bavarian State Government's Environmental and Climate Pact. The Bavarian Environmental and Climate Pact sees itself as a driving force for new paths, methods and thematic fields with the goal of sustainable development in Bavaria.



To this end, the Bavarian State Government and the leading associations of Bavarian industry have concluded the Pact. This form of cooperative environmental protection recognises the voluntary contribution to environmental protection and sustainable management made by the participating companies.

The Covid-19 pandemic has shown us that a disease can strike anyone at any time. It is therefore unimaginable for those who are not affected how hard families are hit by their child's cancer. Every year, up to 2,000 children are diagnosed with cancer in Germany. In addition to the



LSV donates 5,000 euros to the Elterinitiative krebskranker Kinder Augsburg – Lichtblicke e. V.

shock of the child's illness, the families are confronted above all with financial and emotional burdens. Since 1985, the "Elterinitiative krebskranker Kinder Augsburg - Lichtblicke e. V." (Parents' Initiative for Children with Cancer in Augsburg) has been working intensively to alleviate these problems and to support those affected at the Swabian Children's Cancer Center. LSV Lech-Stahl Veredelung has therefore donated an amount of 5,000.00 euros to the Elterinitiative krebskranker Kinder Augsburg - Lichtblicke e. V. During the pandemic, employees were able to obtain Covid-19 tests cheaply for a contribution towards the cost. This amount raised was rounded up and donated to this good cause.

Hardy's Landsberg city run is an institution in the local and national sports scene. The LSV actively participated in this city run, which was organised in its 15th year, with its own running team in the half marathon and walking.



LSV running team at Hardy's Landsberg city run

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## About the report

With this report, LSV Lech-Stahl Veredelung GmbH transparently presents key figures, goals and activities in the area of sustainability for the second time. The facts and figures in this report refer only to LSV Lech-Stahl Veredelung, not to the shareholdings. The sustainability report will be published annually. The contents presented in this report relate to the 2022 financial year (1 January 2022 to 31 December 2022). For comparison, relevant key figures from 2020 and 2021 were also included. There were no relevant changes in the organisation or the supply chain compared to previous years. Some of the figures presented have been rounded.

### Reporting standard

The report was prepared in accordance with the GRI Standards: "Core" option. An overview of the GRI information covered in the GRI content index can be found on pages 26-29. No external verification has been carried out.

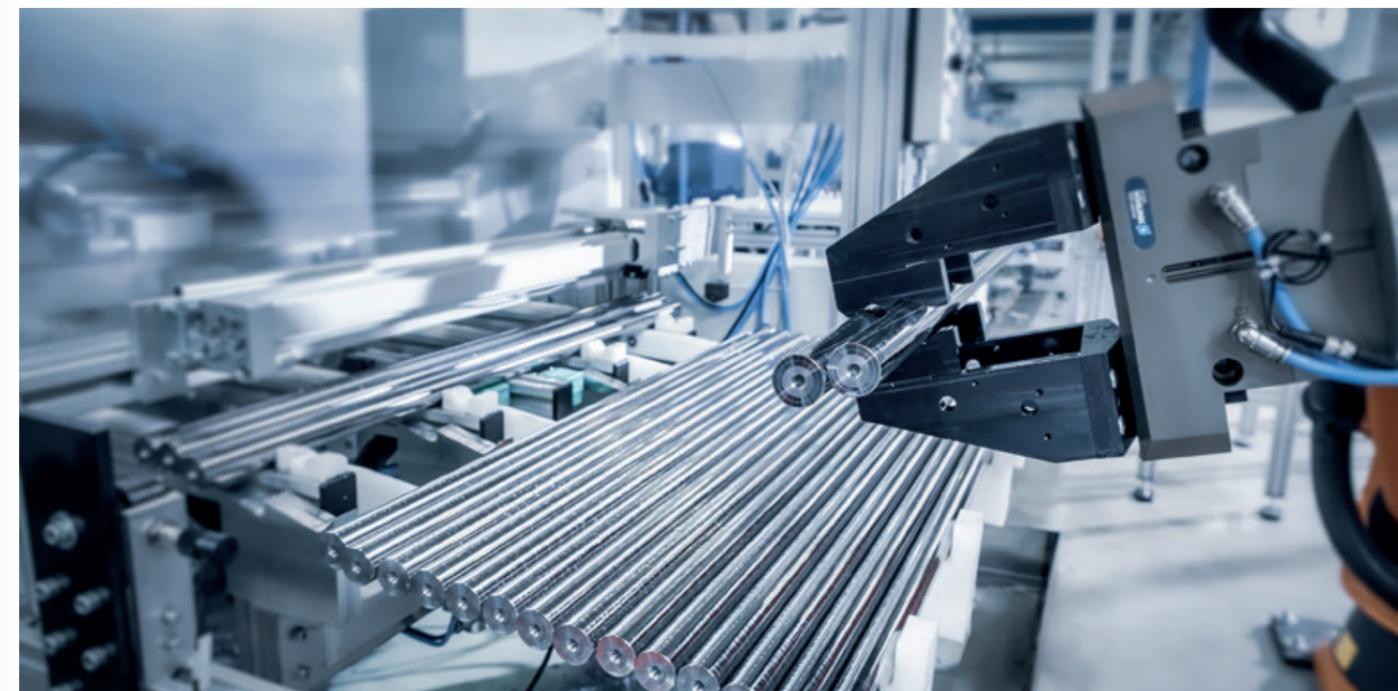
### Contact

Please address any questions regarding this report in writing to: Jonas Bißwanger, Head of Quality, Energy and Environment, [jonas.bisswanger@lech-stahlveredelung.de](mailto:jonas.bisswanger@lech-stahlveredelung.de).

### Editorial notes

The editorial deadline for this report was 30 April 2023. The Sustainability Report 2022 was published in June 2023.

For reasons of easier legibility, the report does not differentiate between the genders and predominantly uses the masculine form. Corresponding terms apply in principle to all gender identities in the sense of equality.



# Legal notice

**Publisher:**

LSV Lech-Stahl Veredelung GmbH  
Justus-von-Liebig-Straße 41  
D-86899 Landsberg am Lech  
Phone +49 8191 3205 200  
Fax +49 8191 3307 0  
[www.lech-stahlveredelung.de/en](http://www.lech-stahlveredelung.de/en)

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**MAX AICHER**  
UNTERNEHMENSGRUPPE

**LSV Lech-Stahl Veredelung GmbH**

**Justus-von-Liebig-Straße 41  
D-86899 Landsberg am Lech**

**Phone +49 8191 3205 200  
Fax +49 8191 3307 0**

