

Sustainability Report 2024

Long-Term Thinking. Responsible Actions.



EVERYDAY SUSTAINABILITY AT IPETRONIK

In this section, we would like to introduce you to a few projects that demonstrate very clearly how we embrace sustainability in our company. To this end, we have compiled a selection of activities from various departments to briefly present to you here.

Cycling around Baden-Baden and Bergkirchen



Colleagues from the Baden-Baden and Bergkirchen sites took part in a cycle ride around town to help the environment. This meant leaving the car at home and cycling as many kilometres as possible in a given period of time.

Over a total period of six weeks, 4850 kilometres were covered, saving around 790 kg/CO₂ emissions.

Participation in company runs and €1000 donation to Baden-Baden Food Bank



Employees taking part in various company runs held at various sites collected a €1 donation for each kilometre they ran.

Additional donations were raised from a cake sale at the head office in Baden-Baden and from other activities, bringing the final total to €1000.

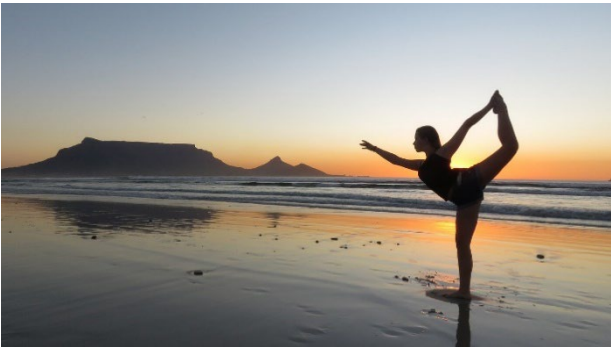
The proceeds were handed over to the Baden-Baden Food Bank on 5th September 2023. The food bank has 120 volunteers and distributes food to 480 customers and their families.

Follow-up to Management Chat



A new initiative called Management Chat was introduced in a bid to further improve communication between the management board and employees. Employees can post questions to the chat, and these are then answered verbally by the management team. Management Chat takes place once a month.

Opportunity to attend a health day and a digital health week



In February 2023, we organised a health day across all sites and subsidiaries. The programme was split into digital elements and on-site offerings. In addition, we held a digital health week in October 2023, with the focus on stress management, nutrition and exercise. Employees had the chance to learn more about various topics and obtain personalised advice.

Trainees collect food for Dachau Food Bank



This year, our trainees from the Bergkirchen site decided to support the food bank with a Christmas fundraising project. Monetary and food donations were collected at the Bergkirchen site for this. The trainees used this money to go shopping, and then handed over the food donations to the food bank.

Introducing "JobRad"



On 16th March, the "JobRad" programme was introduced at IPETRONIK. JobRad is a leading supplier of bike-leasing services, and offers employees the chance to lease their own dream bike. They are free to use the bike whenever they please – to commute to work, to use at home, to ride in the holidays or for sport and exercise.

Internship at "Lebenshilfe"



Our trainees spent a week helping out in day care at the "Lebenshilfe" social institution. They took part in a wide range of activities with the people receiving support and assisted them with managing their everyday life.

Food donations for Baden-Baden Food Bank



Our trainees at the head office in Baden-Baden also organised a Christmas campaign to donate food products to the food bank there. With the money they raised, they bought food products which were then donated to the food bank.

Sustainability is at the heart of our corporate strategy. For us, it's not just a byword but an obligation.

Responsibility for the development and implementation of our sustainability objectives lies with the management board. They are supported in this by a dedicated sustainability officer, as well as an interdisciplinary team which strategically manages and coordinates the relevant issues. This team plays a decisive role in defining the areas for action and objectives of our sustainability strategy, ensuring that these are implemented successfully.

Our integrated management system (IMS), based on the DIN EN ISO 9001:2015 (quality management), DIN EN ISO 14001 (environmental management) and TISAX (data and prototype protection) standards, ensures that we comply with the required processes and guidelines. Regular audits, both internal and external, guarantee that our standards are continually monitored and optimised.

To ensure that sustainability is embedded into all areas of our company, our sustainability objectives are firmly integrated into departments and processes. Annual target agreements and a comprehensive evaluation of relevant data enable us to measure the progress of our measures and make adjustments

where necessary. The results of our sustainability endeavours are published transparently in order to promote open communication both within the company and with our stakeholders.

With this report, we aim to document our continued contribution to sustainable development and outline both the progress we have made and the challenges we might face in the future.

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Note: To improve readability, plural pronouns are used here to refer to a singular subject of any gender.

IPETRONIK'S AREAS FOR ACTION

In 2020, IPETRONIK published its first independent sustainability report. This was based on the 20 guidelines of the German Sustainability Code (DNK) and the requirements of the CSR Directive Implementation Act. The company is now aiming to align its own report with that of its parent company, INDUS Holding AG, to ensure consistent and coordinated reporting.

By switching from the German Sustainability Code (DNK) to the United Nations Global Compact (UNGC), IPETRONIK is taking a significant step towards occupying a global position on the market. The international recognition of the UNGC strengthens the company's orientation as an internationally active partner and allows the diverse requirements of its global clientèle to be smoothly integrated.

This alteration not only helps the sustainability objectives to be communicated clearly, but also means that results can be compared more easily within the company. The alignment of the reports ensures that IPETRONIK plays a role in achieving the parent company's overarching sustainability strategy. This coordinated approach also strengthens stakeholders' trust and increases transparency when it comes to external stakeholder groups.

The 20 guidelines outlined in the original sustainability report were expanded to include the ten principles of the United Nations Global Compact (UNGC). These principles were summarised into five overarching maxims and applied to five key areas for action. The formulated maxims are as follows:

- a) Commitment to take continuous and precautionary measures to protect the environment
- b) Fair working conditions characterised by mutual respect
- c) Awareness of social responsibility within your personal sphere of influence
- d) Protection of and respect for human rights within your personal sphere of influence
- e) Commitment to honest and lawful business practices

The areas for action derived for IPETRONIK from the sustainability strategy are consistently based on the following defined maxims:

- (i) Environmental protection
- (ii) Fair work
- (iii) Social justice
- (iv) Human rights
- (v) Honest business

The conceptual relationship between the principles of the UN Global Compact, the maxims derived from this for IPETRONIK and the areas for action of the sustainability strategy is clearly illustrated in the following table:

IPETRONIK's self-image and how this is embedded in the code	UNGC	Areas for action
(i) Commitment to take continuous and precautionary measures to protect the environment	7-9	Environmental protection
(ii) Fair working conditions characterised by mutual respect	3-6	Fair work
(iii) Awareness of social responsibility within your personal sphere of influence	3, 6-8	Social justice
(iv) Protection of and respect for human rights within your personal sphere of influence	1 and 2	Human rights
(v) Commitment to honest and lawful business practices	10	Honest business

THE FUNDAMENTAL PRINCIPLE OF IPETRONIK

A profound change can be observed in the automotive industry worldwide, affecting not only OEMs and Tier 1 companies but all parties involved in automotive development. A key driving force behind this change is the mass trend of neo-ecology. Amongst other things, this involves both reducing emissions and energy consumption and establishing new environmental values. These developments lead to significant economic changes which are reflected in legislative changes of both today and tomorrow. The focus here is on issues such as exhaust gases and emissions, development trends, the electrification of main and auxiliary units and measures for increasing efficiency with the aim of reducing energy and emissions.

IPETRONIK is a globally operating company, which has specialised in mobile measuring technology, DAQ software, engineering services and test bench technology for the automotive industry. Our proven and versatile portfolio, consisting of high-precision measurement modules, data loggers and sensors, is specially developed for use under extreme environmental conditions and is used across the world. We also have comprehensive expertise in the areas of vehicle and test bench trials, climate acoustics, drive technology (powertrain) and thermal management. We can draw on many years of experience, particularly in the field of test bench construction, including system and component evaluation and simulation. As a result of our strategically closely interlinked specialist departments, we are able to efficiently meet complex demands for research, development and testing across a multitude of automotive applications. This concept of integrated specialist departments, combined with our comprehensive expertise, ensures that our solutions are in high demand.

As a skilled development partner for OEMs, we can and will do our part in embracing the topic of sustainability and putting it into practice. Technical developments and changes in legislation and consumer behaviour are constantly monitored and assessed in order to accumulate knowledge. This accelerates the optimisation of processes and promotes the creation of new, essential measuring technologies.



IPETRONIK maintains a regular dialogue with all relevant stakeholder groups, taking advantage of various forms and channels of communication to do so. These range from direct dialogue and regular reports to media and trade fairs. Through this continuous dialogue, the company promotes mutual understanding and establishes the groundwork for a relationship built on trust, with the intention of long-term collaboration.

Key stakeholders include the parent company (INDUS Holding AG), employees, customers, suppliers, distributors and the region around the headquarters in Baden-Baden, along with the organisations that we support as part of social projects. Society as a whole is also considered an important stakeholder.

This collaboration and deeper understanding of the respective interests often gives rise to new ideas, inspiration and innovations which further advance the company.

The following is a description of the stakeholder groups:

INDUS Holding AG:

INDUS Holding AG is a financial holding company that supports IPETRONIK GmbH & Co. KG through targeted investments. As an associated company of INDUS Holding AG, a high proportion of revenue can be used for internal development.

Employees:

With their high level of expertise and dedication, the employees of IPETRONIK GmbH & Co. KG are the basis of sustainable economic success for the company. IPETRONIK is an attractive employer that specifically promotes staff development, amongst other things.

Customers:

In order to maintain our long-term, trusting customer relationships, we always guarantee high-quality products and services, as well as offering our services at favourable terms. In this way, we ensure that our customers prefer to use our products.

Baden-Baden region:

In the region where we are headquartered, we provide attractive jobs and contribute to local development as we grow.

Organisations in the social environment:

It is important to us that we also make a direct contribution to the social environment in the Baden-Baden region. For example, we provide "Lebenshilfe" with a forum for staying in contact with our employees and for reporting on their projects.

Society:

Through internships, practical semesters, dissertations, work-study schemes and a dual-study programme option (in cooperation with the DHBW in Karlsruhe), we give learners the opportunity to gain valuable professional experience. In the area of amateur sports, we support regional clubs through initiatives such as shirt sponsorship.

Distributors, suppliers and other business partners:

As a solvent, reliable partner to our distributors, suppliers and other business partners, we make a contribution to their long-term success.

KEY ISSUES FOR IPETRONIK

By identifying key sustainability issues, IPETRONIK establishes the groundwork for the sustainability activities of the entire corporate group, as well as for the focal points of the sustainability strategy.

Regularly conducted materiality analyses help to identify and prioritise the sustainability issues that are most relevant to the company. The results of the current analysis, which refer to the five areas for action and take into consideration the perspectives of both internal and external stakeholders, are summarised below.

Area for action	Designation
Environmental protection	Improved energy efficiency
	Greenhouse gas emissions along the entire value chain
	Renewable energy (use and technological development)
	Responsible handling and avoidance of waste
	Circular economy
Fair work	Employee health and safety
	Education and training
	Fair pay and contractual relationships
	Work-life balance
Social justice	Regional and national social engagement
	Being a good neighbour
Human rights	Protection of human rights along the value chain
	Diversity and equal opportunities
Combating corruption and bribery/honest business	Compliance management
	Transparent communication

Due to the significant differences between IPETRONIK's business units, we develop targeted projects and measures that contribute to the value drivers of ESG initiatives. In order to meet the constantly changing requirements of the global market, IPETRONIK only sets quantitative targets in the form of key performance indicators (KPIs) for those ESG aspects that have been identified as relevant and essential for IPETRONIK as part of the materiality analysis. Although other key performance indicators are collated, they are primarily used for tracking purposes in order to identify further opportunities for improvement, and do not include specific, quantified objectives (PI – performance indicator).

With regard to the years ahead, adjustments are to be expected due to the constantly increasing requirements of customers and society. IPETRONIK therefore generally sets intensity targets for ESG key performance indicators per million euros of gross value added (GVA), or in relation to the size of the workforce per full-time equivalent (FTE). The 2018 financial year serves as the base year for defining the targets. The results of the materiality analysis are briefly summarised below for the individual areas for action.

(i) Environmental protection

Within this area for action, five key topics can essentially be distinguished: Increasing energy efficiency, reducing greenhouse gas emissions along the entire value chain, renewable energies (use and technological development), responsible handling and avoidance of waste and the circular economy.

A particular focus of IPETRONIK is on minimising direct greenhouse gas emissions (GHG-E) in Scopes 1 and 2. Essentially, the IPETRONIK Group has two key mechanisms at its disposal to reduce these emissions – firstly, the use of low-emission energy sources and secondly, increasing energy efficiency, which is also

of great importance from an economic perspective. With regard to renewable energies, it is important to increase the quantities purchased. In addition, IPETRONIK can make further contributions to reducing greenhouse gas emissions along the value chains by developing innovative technologies in the area of renewable energies.

IPETRONIK records greenhouse gas emissions in Scopes 1 to 3, but focuses on reducing emissions in Scopes 1 and 2 and aims to reduce energy consumption. The company is aware that Scope 3 emissions are also becoming increasingly important. IPETRONIK is therefore endeavouring to further develop the calculation of indirect emissions.

Over 90% of the waste generated by the IPETRONIK Group's business operations is recyclable and therefore largely non-hazardous. All waste is disposed of properly in accordance with the respectively applicable legal requirements. Nevertheless, IPETRONIK aims to keep the recycling rate of all waste as high as possible, to minimise the amount of waste in relation to the Group's gross value added and to use local water resources sparingly.

(ii) Fair work

The following key topics were identified: Employee health and safety, education and training, fair pay and contractual relationships, and work-life balance.

This area for action is of particular importance with regard to the value drivers of increased efficiency and entrepreneurial foresight. IPETRONIK attaches great importance to mutual respect, fairness, team spirit, professionalism and openness. These values are an integral part of the IPETRONIK Code of Conduct, which covers all areas for action of the sustainability strategy.

The prevention of all accidents at work, especially those with fatal outcomes, is a top priority for IPETRONIK. Ensuring the health and safety of everyone involved is a crucial aspect of well-functioning economic activities and a harmonious relationship between employer and employees. This includes not only the physical integrity of employees, but also their mental health and resilience. IPETRONIK is aware of the importance of health and safety, and therefore pursues this key issue with appropriate measures and objectives.

An integral part of occupational safety measures is the provision and use of personal protective equipment (PPE) to ensure the physical safety of employees. IPETRONIK also ensures the safety of machines and tools through regular maintenance and safety checks.

Emergency planning, incident management and accident management also play a central role. This includes drawing up emergency plans and training employees so that they can respond quickly and effectively in the event of an incident.

Workplace ergonomics are also taken into account, in order to minimise physical strain and prevent long-term damage to health. In addition, the safe handling of chemical and/or biological substances is strictly monitored to rule out any health risks.

Fire protection measures, including regular inspections and training, are also firmly embedded in the occupational safety guidelines in order to further increase safety at the workplace.

In order to counteract the existing lack of specialists, IPETRONIK aims to promote young talent by training new employees. At the same time, employees are supported with targeted training measures, in order to keep their specialist knowledge up to date with the latest technology and ensure economic competitiveness as well as ensuring that the workforce is valued. IPETRONIK considers it essential to recognise the value of services rendered through fair remuneration and equitable contractual relationships. The company also wants to promote employee resilience through working conditions that are compatible with a family and a private life, and create a respectful relationship with everyone.

Social justice

The key topics for us in this area for action are: Regional and national social engagement and being a good neighbour.

As a company with strong local roots, IPETRONIK is not only an important economic factor, but also an essential part of the social structure of the communities in which it operates. The positive perception of the company in the immediate neighbourhood therefore plays a decisive role. It not only helps to strengthen the company's image, but also promotes the recruitment and long-term retention of qualified employees who identify with the company's values and social responsibility.

There is a focus on keeping potential adverse effects on the local environment that could be caused by production processes as low as possible. This includes minimising noise emissions, environmental pollution and other possible negative effects on the neighbourhood. Through proactive measures, IPETRONIK endeavours to prevent justified complaints from the surrounding area and to maintain a harmonious relationship with local residents and other interested parties.

IPETRONIK is also involved in various social projects and provides financial support to local and national institutions. Collaboration with organisations such as the food bank, with such organisations being supported through targeted cooperation, is particularly noteworthy. Such initiatives underline the company's endeavours to make a sustainable contribution to society and help disadvantaged groups.

As many IPETRONIK employees live close to the company's sites, a good neighbourly relationship with the neighbouring communities is particularly important to the company. This close relationship not only contributes to the prosperity of the region, but also promotes cohesion between the company and the community. Through regular dialogue and local engagement, IPETRONIK strengthens the trust of the population and ensures that it is perceived as a responsible company, which not only focuses on economic success but also assumes social and environmental responsibility.

(i) Human rights

From IPETRONIK's perspective, the protection of human rights along the value chain as well as diversity and equal opportunities are the most relevant topics within this area for action.

Respect for human rights is a central aspect of IPETRONIK's Code of Conduct. In addition, the company has supplemented and refined the Code of Conduct with regard to human rights and good working conditions via the policy statement on respect for human rights.

It is not only basic human rights that are safeguarded here, but also specific aspects such as protection against child labour, ensuring fair wages and social benefits, and adherence to reasonable working hours. Practices such as modern slavery – including forced labour, servitude and human trafficking – are strictly rejected, as is any form of unethical recruitment.

IPETRONIK also attaches particular importance to the promotion of women's rights, diversity, equality and inclusion. The protection of the rights of minorities and indigenous peoples is also taken into account, as is the responsible handling of land, forest and water rights. Forced evictions are clearly rejected, and private or public security forces are only deployed in strict compliance with human rights.

Respect for human rights is not seen as a "value driver", but rather as a fundamental requirement of a company's own economic activity and as something that simply goes without saying. Responsibility for compliance with human rights within the company itself and in the supply chain lies with the individual subsidiaries. However, overall responsibility for safeguarding human rights at IPETRONIK lies with the executive board.

Honest business

Compliance management and transparent communication were identified as key topics here.

Compliance with all applicable laws and regulatory requirements forms the foundation of all IPETRONIK's economic activities. Particular attention is paid here to avoiding misconduct that could lead to fines or non-monetary penalties.

In the wake of increasing internationalisation, IPETRONIK is tapping into new global markets that are often subject to different regulatory frameworks. This requires constant monitoring of legislative processes and updates to regulations to ensure their full compliance. Particular emphasis is placed here on combating corruption and money laundering, the protection of data and data security, as well as maintaining financial responsibility through accurate records.

In addition, the company ensures a transparent disclosure of information in order to strengthen the trust of business partners and the public. IPETRONIK is committed to fair competition and adheres strictly to antitrust regulations. Potential conflicts of interest are identified and reported at an early stage in order to prevent unethical behaviour.

The protection of intellectual property and the avoidance of plagiarism are also a focus of the corporate guidelines. Export controls and economic sanctions are also strictly observed in order to make international trade legally watertight.

Through intensive dialogue within the corporate group and the support of local experts, gaps in knowledge are closed in a targeted manner in order to avoid unintentional misconduct. IPETRONIK attaches great importance both to successful compliance with regulations and to communicating any violations openly and transparently, in order to be perceived as a company that acts with integrity and responsibility.

TARGET FIGURES AND TIMESCALE FOR ESG KEY PERFORMANCE INDICATORS

In terms of the timescale, IPETRONIK distinguishes between short-term objectives with the target year of 2025, medium-term objectives (2030) and long-term objectives (2045). The long-term objective was adjusted due to the tightening of the German Federal Climate Action Act, and now envisages climate neutrality for IPETRONIK as a whole by 2045. The performance indicators (PIs) are monitored by IPETRONIK, but are not currently assigned a specific objective. Figures relating to the number of employees are always given in full-time equivalents (FTE) as at the last day of the financial year, and also include external staff. The GHG-E reduction objectives always refer to greenhouse gases according to the "market-based" calculation, as this reflects IPETRONIK's expenses, for example in the form of the purchase of "green electricity". In addition, the reduction objectives are "net objectives". The purchase of CO₂ certificates should always be seen here as a possible additional measure, and does not replace the sustainability initiatives within the Group. In the table of key performance indicators, which can be found in the sustainability report, the greenhouse gas emissions offset by emission certificates are shown separately. The 2018 financial year is used as the base year for the reduction objectives. The emission reduction objectives are based on the former sector objective for the "Industry" sector of the German Federal Climate Action Act – though this became void with the amendment to the German Federal Climate Action Act in June 2023 and the abolishment of the sector objectives.

The following table lists the KPIs, including the short-term, medium-term and long-term objectives:

Sustainability objectives of IPETRONIK GmbH & Co. KG

Area for action	Designation	Unit	2018 (base year)	Target year		
				2025	2030	2045
Environmental protection	GHG-E (Scopes 1 and 2)	t CO ₂ e/million EUR GVA	39.9	25.94 (-35%)	19.95 (-50%)	0 (-100%)
	Vehicle fleet emissions	t CO ₂ /million EUR GVA	8.87	Consistently reduce		
	Waste intensity	t/million EUR GVA	1.06	Consistently reduce		
	Total water intensity	m ³ /million EUR GVA	51.22	Consistently reduce		
Fair work	Accidents at work	Number/100 FTE	9	Consistently <3		
	Fatal accidents at work	Number	0	Consistently 0		
Social justice	Justified local complaints	Number	0	Consistently 0		
Human rights	Employees with Code of Conduct	% of FTE	100	Consistently 100		
Honest business	Monetary value of significant fines	TEUR	0	Consistently 0		
	Total number of non-monetary penalties	Number	0	Consistently 0		
	Payments to political parties	% of GVA	0	Consistently 0		

In order to calculate the proportion of sales and the investment share that follows the emissions path of the IPETRONIK objective, it is necessary to determine the annual degree of target achievement with regard to IPETRONIK's emission reduction objective. IPETRONIK's objective is deemed to have been achieved on an annual basis if either (a) an emissions intensity is determined that is lower than the linear emission reduction path in accordance with IPETRONIK's objective for 2025, or (b) it was possible to reduce the emissions intensity in the financial year by at least 3% per financial year in relation to the 2018 base year.

AREAS FOR ACTION IN THE 2024 FINANCIAL YEAR

All areas for action, (i)-(v), are listed below, and the objectives, measures and results from the 2024 financial year are explained in each case, with an overview of key performance indicators.

Environmental concerns | Environmental protection

Objectives

IPETRONIK pursues a comprehensive environmental strategy with the objective of significantly reducing its impact on the environment. Our main objectives focus on three essential KPIs: The reduction of greenhouse gas (GHG) emissions, the reduction of waste intensity and the reduction of water intensity. By 2025, we want to reduce our emissions intensity by 35 per cent compared to the 2018 base year. This interim objective is part of a long-term plan to become completely climate-neutral by 2045. In parallel to this, we want to systematically reduce the waste quantities in production and minimise water consumption at our sites. These measures are in line with our commitment not only to fulfil legal requirements, but also to make an active contribution to global environmental protection. By continuously reviewing and adjusting our KPIs, we ensure that our measures are effective in practice and that we are consistently moving towards our sustainability objectives.

Another central aspect of our objectives is to improve resource efficiency in our production processes. Sustainability is not only an environmental objective, but also an economic value driver that enables us to achieve competitive advantages through innovative and efficient processes. Our objective is to promote sustainable development that offers both environmental and economic benefits in all areas. In particular, the optimisation of our production processes and the introduction of efficient technologies should help to further reduce the use of resources. This also includes a comprehensive analysis of the value chain to ensure that all materials and processes are sustainable.

Measures

In order to achieve these ambitious objectives, we at IPETRONIK have put together an extensive package of measures to holistically optimise our environmental footprint. One important area is our modular product approach, which not only increases the flexibility of our products but also makes a significant contribution to preventing waste. The modular design means that individual components can be used in several of our products. This approach significantly extends the service life of our products and, at the same time, reduces the amount of raw materials required and the amount of waste produced. In addition, we offer our customers the option of returning components or entire products to us at the end of the product life cycle, so that we can recycle or reuse them in an environmentally friendly manner. This take-back process is a central component of our commitment to the circular economy.

We have also implemented an advanced component failure monitoring system that recognises failure patterns at an early stage, thereby enabling targeted improvements to be made to particularly vulnerable components. This not only contributes to product quality, but also prevents the unnecessary mass production of faulty parts, which in turn leads to less waste and resource consumption. Thanks to these innovative technologies, we have been able to make significant progress. Over the past 16 years, it has been possible for the energy required by a data logger for a specific calculation operation to be reduced by a factor of 15, and even by a factor of 28 in the case of our measurement modules. These optimisations have not only improved our energy footprint, but have also significantly reduced the environmental footprint of our products.

Another focus of our measures is the increased use of renewable energies. Since 2021, we have been sourcing only green electricity at all sites, which has led to a significant reduction in our CO₂ emissions. In addition, we are continuously working on converting our vehicle fleet to electric vehicles, in order to further reduce CO₂ intensity. This is happening in parallel with our efforts to reduce internal electricity consumption through intelligent metering systems and optimised operating times. Our photovoltaic system was already able to generate 140,988 kWh of electricity back in 2020, and we plan to expand this capacity further in the coming years, in order to cover an even greater proportion of our energy requirements from our own renewable sources.

We have also made significant progress in terms of waste intensity. As part of our "Sustainable packaging" initiative, we have increased the proportion of recycled packaging materials we use to almost 99%. We are also collaborating closely with our suppliers to completely eliminate plastics from our packaging and use alternative materials. These packaging optimisation measures go hand in hand with our efforts to conserve resources in production. By making greater use of local suppliers and partners, we not only minimise transport distances but also support local companies and strengthen innovative capacity within the EU. This leads to an improved carbon footprint throughout our supply chain and reduces the environmental footprint of our production processes.

We also rely on modern communication technologies to avoid unnecessary business trips. By using platforms such as Microsoft Teams and Zoom, we have already been able to significantly reduce our air miles, and we plan to continue this development. Our company vehicle fleet has already been climate-neutral since 2019, as we offset the emissions generated by the operation of these vehicles through the purchase of CO₂ certificates. We support projects such as the Gatsibo drinking water well project in Rwanda, which contributes not only to CO₂ reduction but also to improving living conditions in developing countries.

Finally, we are consistently working to optimise water consumption in our production processes. By using intelligent measuring systems and regularly analysing our operating processes, we ensure that we use water as efficiently as possible. At the same time, we are continuously evaluating new technologies and processes in order to further reduce both our energy consumption and our water consumption, and thus to minimise our environmental footprint.

Key performance indicators for 2023:

Key performance indicators for the "Environmental protection" area for action

Area for action	Key performance indicator	Unit	2018 (base year)	2023	2025 (target year)	
Environmental protection	GHG-E (Scopes 1 and 2) (gross)	t CO ₂ e/million EUR GVA	39.9	7.85 (80%)	25.94 (-35%)	KPI
	Energy intensity	MWh/million EUR GVA	65.16	54.17	Reduce	PI
	From renewable energy sources	%	0	65.6	Increase	
	GHG-E (Scope 1)	t CO ₂ e/million EUR GVA	10.78	5.98	Reduce	PI
	GHG-E (Scope 2, market-based)	t CO ₂ e/million EUR GVA	29.13	1.87	Reduce	PI
	GHG-E (Scope 3)	t CO ₂ e/million EUR GVA	855.29	939.13	Reduce	PI
	GHG-E (Scopes 1-3)	t CO ₂ e/million EUR GVA	895.19	946.98	Reduce	PI
	Emission compensation	%	100	100		
	Recycling rate	%	77.5	90	Increase	PI
	Waste intensity	t/million EUR GVA	1.06	1.01	Reduce	PI
	Total water withdrawal intensity	m ³ /million EUR GVA	51.22	31.88	Reduce	PI

Fair work and securing the future

Objectives

IPETRONIK aims to be an attractive and future-proof employer that offers fair working conditions and appreciates its social responsibility towards its employees and the local community. The health and safety of employees is a top priority here. IPETRONIK is actively committed to the prevention of accidents at work and work-related illnesses, as well as the creation of a safe and healthy working environment.

In the course of securing the future, IPETRONIK attaches particular importance to promoting young talent, in order to counter the lack of specialists in the long term. Through a wide range of training programmes and targeted personnel development, young and talented individuals are given the opportunity to display their skills and establish themselves in the company in the long term. The promotion of lifelong learning and the qualification of employees are essential so as to be prepared for the growing requirements of the world of work.

Another central focus is on employee loyalty and further development prospects. IPETRONIK aims to retain employees at the company in the long term and offer them attractive, future-oriented development opportunities. In addition, the promotion and development of managers is an important part of the strategy, with the objective of strengthening managers in their role and promoting the empowerment of the entire workforce through excellent leadership.

Fair pay and comprehensive benefits round off the sustainability strategy, and are intended to position IPETRONIK as an attractive and responsible employer. Target achievement is regularly reviewed using key performance indicators (KPIs) in order to ensure that measures are continuously further developed and adapted.

Measures

Occupational safety and health protection

In order to achieve the objective of a safe and healthy working environment, IPETRONIK planned to introduce a revised concept of occupational health and safety for 2023. A new service provider was to be commissioned with the comprehensive analysis and further development of this area.

In the course of this reorientation, the plan was to completely revise the risk assessment and develop a new training concept on the subject of occupational safety. In addition to the prevention of accidents at work, with the exception of commuting accidents, a particular focus was placed on maintaining and promoting the mental health of employees.

These measures are intended to help improve the safety and well-being of employees in the long term.

Promotion of lifelong learning and qualification

The personal and professional further development of employees is promoted through regular development meetings that all managers hold with their teams every year. These meetings aim to identify individual training needs and support employees in their professional development. IPETRONIK follows the principle of "lifelong learning" here, and encourages its employees to take advantage of appropriate further training programmes. A career concept was also developed in 2023, which was successfully piloted in the IPEngineering department in 2024 and is gradually being rolled out to the entire company.

Empowerment of managers and the workforce

To enhance management skills, IPETRONIK planned to introduce a comprehensive manager development programme in 2023, which all managers are to undergo by the end of 2025. The objective of this programme is to strengthen managers in their role, support them in the development of their teams and promote a culture of personal responsibility and motivation.

At the same time, excellent leadership should increase the empowerment of the entire workforce, so that employees can contribute to their tasks with commitment and individual responsibility.

Training and promotion of young talent

Training and promoting our own young talent is a central element of the strategy to secure the supply of specialists in the long term. IPETRONIK collaborates closely with training associations and vocational schools, and ensures that all relevant specialist areas have trainers certified by a chamber of commerce and industry. In addition to the traditional training, the company promotes dual study programmes, and offers students of universities and schools the opportunity to gain valuable practical experience and insights into mobile measuring technology, DAQ software, engineering services and test bench technology – through internships, practical semesters, dissertations or work-study positions.

Employee loyalty from day one

IPETRONIK has established a structured onboarding process to strengthen employee loyalty from day one. In addition to a detailed induction plan, this includes regular feedback meetings and a welcome event, at which new employees have the opportunity to build networks and get to know all facets of the company. The objective is to give new employees a successful start and enable them to settle into the corporate culture quickly.

Fair pay and attractive benefits

Fair pay is a cornerstone of IPETRONIK's sustainability strategy and contributes to the satisfaction and motivation of the workforce. As part of an annual compensation review process, the remuneration structure is regularly reviewed in order to ensure that IPETRONIK is perceived as an attractive and fair employer. This offer is supplemented by additional benefits such as a company pension scheme, supplementary health insurance, company bikes and much more. Flexible working time models help employees to achieve a good work-life balance, which contributes to long-term loyalty to the company.

With this strategy, IPETRONIK aims to create a sustainable, healthy and fair working environment that promotes long-term employee satisfaction, attracts specialists and secures the future. The effectiveness of the measures is analysed through regular reviews using KPIs, in order to ensure that the defined objectives are achieved efficiently.

Key performance indicators for 2023:

Key performance indicators for the "Fair work" area for action

Area for action	Key performance indicator	Unit	2018 (base year)	2023	2025 (target year)	
Fair work	Accidents at work	Number/100 FTE	3.98	3.55	<3.0	KPI
	Fatal accidents at work	Number	0	0	0	KPI
	Training expenditure	EUR/FTE	827.64	1359.44		PI
	Trainees	Number	13	6		PI
	Employees studying part-time	Number	2	0		PI
	Proportion of fixed contracts	% of overall FTE	92.82	94.09		PI

Social justice

Objectives

IPETRONIK has formulated specific objectives in order to further expand its measures in the area of social justice. These objectives are aimed at both improving internal structures and strengthening our social engagement.

1. Continuation of inclusion projects

One of IPETRONIK's central objectives for the years ahead is to continue the internships at "Lebenshilfe". These enable the trainees to further develop their social skills and make a valuable contribution to the integration of people with disabilities. IPETRONIK is also planning to expand its collaboration with other social institutions, in order to offer even more people the opportunity to benefit from these programmes.

2. Support for the food bank as a long-term project

Following the positive experiences of the trainees at the food bank, IPETRONIK has decided to continue this commitment as a long-term social project. Together with their trainers, the trainees are currently planning specific measures to further intensify their support for the food bank in the years ahead. This includes both financial donations and practical help with the organisation and implementation of campaigns.

3. Strengthening stakeholder dialogue

Another objective of IPETRONIK is to continuously improve communication with stakeholders, particularly in the area of social justice. Through regular dialogue with employees, customers, partners and society, IPETRONIK aims to ensure that its measures and initiatives in the area of social justice meet the current needs and expectations.

Measures

As part of its responsibility for social justice, IPETRONIK is implementing numerous measures to promote the well-being of its employees and of society as a whole. These include targeted training programmes, the promotion of inclusion and social engagement in the region.

1. Promotion of education and training

IPETRONIK sees it as its duty to offer young people in the region promising prospects for the future. With this in mind, IPETRONIK provides training in various technical and commercial roles. The objective is to offer the trainees permanent employment once they have successfully passed their exams. People who want to follow a new career path are also taken into account here by IPETRONIK. This offer of a "second chance" reflects the effort to promote people's individual potential and support those who want to reshape their professional future.

Close collaboration with universities and colleges is another important part of IPETRONIK's commitment. Cooperation with academic institutions gives students access to practical experience in the automotive industry. IPETRONIK offers support for both Bachelor's and Master's theses, and promotes innovative projects that strengthen the scientific exchange between education and industry. These projects contribute to the development of new technologies and processes that are of decisive importance for the future of the automotive industry.

2. Inclusion and social engagement

A particular focus for IPETRONIK is on the inclusion of people with disabilities. IPETRONIK collaborates closely with "Lebenshilfe" and "Integra Mittelbaden GmbH", an inclusive institution that supports IPETRONIK in organising company events, for example. As early as their first year of training, trainees take part in a one-week internship at "Lebenshilfe", in order to develop an awareness of the needs of people with disabilities. This internship not only promotes the social skills of the trainees, but also contributes to strengthening inclusion in society.

IPETRONIK also actively supports the voluntary work of its employees. They are encouraged to get involved in charitable projects in their free time. Another example of the company's social engagement is its support for regional sports clubs and projects such as the Baden-Baden Food Bank, which are supported by donations and the voluntary work of trainees.

Key performance indicators for 2023:

Key performance indicators for the "Social justice" area for action

Area for action	Key performance indicator	Unit	2018 (base year)	2023	2025 (target year)	
Social justice	Justified local complaints	Number	0	0	0	KPI
	Donations to local social institutions	EUR	12,100.00	1850.00		PI
	Donations to other social institutions	EUR	0	17,765.00		PI

Human rights

Objectives

IPETRONIK attaches great importance to a diverse workforce, as it is convinced that this promotes both creativity and productivity, and thus supports business success. That is why we employ people regardless of gender, age, social or family background, ethnic origin, skin colour, religion, sexual orientation or possible disability. We strictly reject discrimination of any kind.

Our policy statement on respect for human rights and the IPETRONIK Code of Conduct play a central role here. This code stipulates that we do not enter into business relationships with partners who disregard the fundamental principles of our code. In particular, the code emphasises the importance of diversity in our workforce.

Legal compliance is a top priority at IPETRONIK. We are committed to complying with both national and international law as well as all relevant regulations in our business processes. Our Code of Conduct is accessible to all employees, and we actively encourage its principles to be embedded in all areas of our organisation.

Equal opportunities and diversity are experienced as a reality at IPETRONIK. Working together with people from different countries and cultures enriches our diversity of perspectives and enhances our creativity, especially when it comes to technical development topics. This gives us a clear competitive advantage.

Measures

Supply chain due diligence and supplier management

In order to fulfil the requirements of the German Supply Chain Due Diligence Act (SCDDA), IPETRONIK actively approaches suppliers, particularly in regions where legal regulations on compliance with human rights standards are not fully guaranteed. In these cases, IPETRONIK specifically seeks to engage in dialogue, and requests guarantees and audits to verify compliance with the required standards.

IPETRONIK uses the uniform company-wide Code of Conduct of the INDUS Group to safeguard these principles, and is committed to persuading suppliers to sign and implement the measures described there. Should a review be unsatisfactory or should the supplier not wish to sign the Code of Conduct, IPETRONIK reserves the right to terminate the business relationship and consider alternative suppliers.

The "Sustainability guideline for suppliers" defines a common performance standard for responsible business operations. Suppliers are obliged to submit a self-disclosure in accordance with corporate social responsibility (CSR). This self-disclosure forms the basis for a rating, which is assessed using a predefined points system. Approval is only granted if the required number of points is achieved or the criteria are met. In addition, an assessment is carried out to ensure that suppliers comply with the required standards.

In respect of human rights, the sustainability guideline includes the following principles:

1. **Occupational safety and health protection**
2. **Working hours, social benefits and remuneration**
3. **Freedom of association** (described in detail under the criterion "Employee rights")
4. **Free choice of workplace:**

All types of forced or compulsory labour are prohibited and are not tolerated by IPETRONIK. The free choice of workplace is fundamentally respected. Employment relationships brought about by human trafficking are also prohibited. All work performed must be voluntary and employees may terminate the employment relationship at any time.
5. **Prohibition of child labour:**

IPETRONIK deplores child labour and complies with laws and regulations concerning the minimum age for admittance to employment and work. All customers and suppliers are required to comply with the recommendation from the ILO Conventions regarding the minimum employment age or use of child labour.
6. **Ethical principles:** This point is dealt with under the criterion "Equal opportunities".
7. **Handling conflict minerals:**

IPETRONIK urges its suppliers to be aware at all times of the potential connection between the production of raw materials and armed conflicts or gross human rights violations, and encourages them to approach this issue in a highly responsible manner. Where minerals are sourced from conflict regions or high-risk areas, the OECD Due Diligence Guidance for Responsible Supply Chains will be observed in respect of minerals from these regions. Should the management board become aware that one of the company's business partners, customers or suppliers is committing violations of human rights, it will use all necessary means to remedy the situation, including terminating the business relationship where required.

Code of Conduct and legal standards

IPETRONIK's Code of Conduct has been adapted to the requirements of the German Supply Chain Due Diligence Act, and serves as the basis for ensuring standards. As described in the Code of Conduct, compliance with the law is the highest priority. The company undertakes to comply with national and international laws and the associated regulations in all legal transactions.

IPETRONIK conducts its business via legal and ethically sound means. This is something that the management board expects of all employees. Business partners, suppliers and customers are also obliged to comply with this principle.

Personnel development and diversity

IPETRONIK has set itself the objective of further increasing the proportion of female specialists in the years ahead. Successful collaboration with universities and cooperative universities will be continued in order to attract young talent. Further recruitment drives are planned for 2024, and these are expected to be developed and implemented during the course of the year.

Key performance indicators for 2023:

Key performance indicators for the "Human rights" area for action

Area for action	Key performance indicator	Unit	2018 (base year)	2023	2025 (target year)	
Human rights	Employees with Code of Conduct	% of FTE	100	100	100	KPI
	Proportion of women in the workforce	% of FTE	15.39	19.41		PI
	Age structure of the workforce	% of FTE aged <20/20-29/30-39/40-49/50-59/≥60	2/24.5/40.5/19/12/2	0.4/26.4/33.6/21.2/17.4/1		PI
	Proportion of women in management positions	% of FTE in management positions	11.1	11.63		PI

Honest business

Objectives

For IPETRONIK, it goes without saying that all of the company's economic activities must always comply with the applicable laws. This is firmly embedded in the IPETRONIK Code of Conduct. We are continuing to adhere to these same principles in 2024 as well, as they reflect our overall stance and our values. Every economic decision and action is based on our Code of Conduct and the associated compliance requirements.

Our top objective is to consistently avoid any fines or non-monetary penalties that could result from violations of regulations and laws in areas such as accounting, the environment, discrimination or corruption. IPETRONIK takes a clear stance against bribery and corruption, and does not regard these as a means of winning contracts. We also reject any payments or donations to political parties or groups that aim to exert an unlawful influence on political and legislative decisions (lobbying). We are committed to transparent and fair business practices that prioritise integrity and respect.

As part of our compliance routines, we record all reports on relevant processes. We thereby document expenditure in connection with lawsuits and proceedings due to anti-competitive behaviour or violations of antitrust and monopoly laws separately from potential fines. This transparency helps us to identify weak points and to continuously improve our processes.

Against the backdrop of ongoing internationalisation and the developments of globalisation, INDUS also provides insights into the proportion of our sales generated in countries with an increased risk of corruption. These analyses help us to identify risks at an early stage and to strengthen our compliance measures in a targeted manner. In this way, we ensure that we maintain our high ethical standards and act responsibly, even in complex international markets.

For us, our commitment to honest business means not only complying with the law, but also aspiring to act fairly and responsibly at all times. We are convinced that transparent and ethical dealings with our business partners, customers and employees form the basis for long-term business success.

Measures

Behaviour that complies with the law and any guidelines is of central importance for the functioning of our economic and social system. In order to promote this behaviour in our company, we regularly train all employees at all levels on these topics. With the support of an external service provider, we have also set up a system that continuously checks relevant laws for changes using an index of legal provisions, and implements the necessary measures in our company.

Another important aspect of our training is the view that reporting misconduct is not to be equated with telling tales. Rather, it is the responsibility of each individual to preserve the integrity of our economic and social system. For this purpose, we use the external compliance management system "SpeakUp", which can be found on our homepage and in IPETRONIK SharePoint. This independent system allows reports to be made via an independent, third-party entity.

Compliance with laws and guidelines is dealt with comprehensively in every project and in internal audits. We also offer regular "Law pilot" training courses that deal with legal issues. In this way, we ensure that all employees always remain aware of this important topic. The HR department is responsible for organising these training courses.

Misconduct is usually reported to an employee's direct supervisor, or a higher-level supervisor. Where an employee does not wish to report in this way for personal reasons, reports may also be addressed directly to the compliance officer (compliance@ipetronik.com). This report triggers an internal process, the confidential handling of which is a top priority.

Our company maintains a liberal philosophy, remains politically neutral and does not make any donations to political parties or to organisations or foundations that have close links to political parties. We do not employ any individuals who hold a full-time public office or full-time parliamentary seat, nor do we enter into any consultancy agreements or similar remunerated agreements with representatives of this group of persons.

IPETRONIK does not belong to any association and does not support lobbying activities. There is no engagement with legislative processes.

With the exception of the social environment and community (e.g. "Lebenshilfe", local associations), we do not make donations or offer grants.

All statements in this section apply to our company worldwide.

We aim to heighten our employees' awareness through regular compliance training, and we have appointed a compliance officer to ensure that we are giving the topic the consideration it deserves within our company.

Through these measures, we create an environment in which integrity and responsibility are practised, and we promote a corporate culture based on transparency and trust.

Key performance indicators for 2023

Key performance indicators for the "Honest business" area for action

Area for action	Key performance indicator	Unit	2018 (base year)	2023	2025 (target year)	
Honest business	Monetary value of significant fines	TEUR	0	0	0	KPI
	Total number of non-monetary penalties	Number	0	0	0	KPI
	Payments to political parties	EUR	0	0	0	KPI
	Legal costs due to competition law violations	TEUR	0	0		PI
	Sales in countries with an increased risk of corruption	% of total sales	11	5.7		PI

OVERVIEW OF KEY PERFORMANCE INDICATORS

Area for action	Key performance indicator	Unit	2018 (base year)	2023	2025 (target year)	
Environmental protection	GHG-E (Scopes 1 and 2)	t CO ₂ e/million EUR GVA	39.9	7.85 (-80%)	25.94 (-35%)	KPI
	Energy intensity	MWh/million EUR GVA	65.16	54.17	Reduce	PI
	From renewable energy sources	%	0	65.6		
	GHG-E (Scope 1)	t CO ₂ e/million EUR GVA	10.78	5.98	Reduce	PI
	GHG-E (Scope 2, market-based)	t CO ₂ e/million EUR GVA	29.13	1.87	Reduce	PI
	GHG-E (Scope 3)	t CO ₂ e/million EUR GVA	855.29	939.13		PI
	GHG-E (Scopes 1-3)	t CO ₂ e/million EUR GVA	895.19	946.98		PI
	Emission compensation	t CO ₂ e	999.54	180		
	Recycling rate	%	77.5	90	Increase	PI
	Waste intensity	t/million EUR GVA	1.06	1.01	Reduce	PI
	Total water withdrawal intensity	m ³ /million EUR GVA	51.22	31.88	Reduce	PI
Fair work	Accidents at work	Number/100 FTE	3.98	3.55	<3.0	KPI
	Fatal accidents at work	Number	0	0	0	KPI
	Training expenditure	EUR/FTE	827.64	1359.44		PI
	Trainees	Number	13	6		PI
	Employees studying part-time	Number	2	0		PI
	Proportion of fixed contracts	% of overall FTE	92.82	94.09		PI
Social justice	Justified local complaints	Number	0	0	0	KPI
	Donations to local social institutions	EUR	12,100.00	1850.00		PI
	Donations to other social institutions	EUR	0	17,765.00		PI
Human rights	Employees with Code of Conduct	% of FTE	100	100	100	KPI
	Age structure of the workforce	% of FTE aged <20/20-29/30-39/40-49/50-59/≥60	2/24.5/40.5/19/12/2	0.4/26.4/33.6/21.2/17.4/1		PI
	Proportion of women in the workforce	% of FTE	15.39	19.41		PI
	Proportion of women in management positions	% of FTE in management positions	11.1	11.63		PI
Honest business	Monetary value of significant fines	TEUR	0	0	0	KPI
	Total number of non-monetary penalties	Number	0	0	0	KPI
	Payments to political parties	EUR	0	0	0	KPI
	Legal costs due to competition law violations	TEUR	0	0		PI
	Sales in countries with an increased risk of corruption	% of total sales	11	5.7		PI