

Sustainability Report 2023

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. We have compiled a selection of projects from various departments to show you here.

Supporting fawn rescue



Between May and June, fawns are placed by their mothers under cover of long grass or out in the fields. It is not until two to four weeks later that the fawns will follow the doe – instinct initially tells them to stay put, hidden in the long grass. As a result, farmers driving tractors through the fields often fail to spot them, and fatal injuries are all too common.

The fawn rescue project involves deploying drones to fly over fields and direct volunteers to the fawns, so that they can be carried to safety. Several of IPETRONIK's employees volunteer between May and June to assist with fawn rescue.

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.

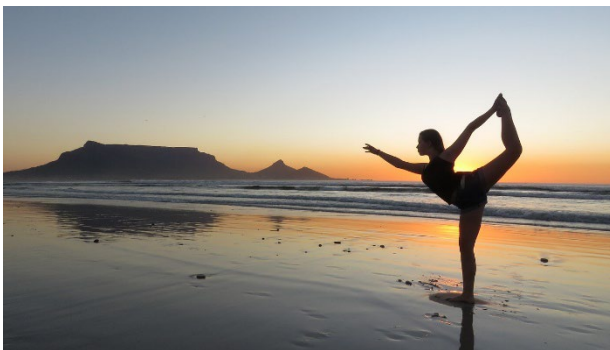
The proceeds were handed over to the Baden-Baden Food Bank on 5th September 2023. The food bank has 120 volunteers and distributes food to 480 customers and their families.

Introducing 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, in October 2023 we are holding a digital health week, with the focus on stress management, nutrition and exercise. Employees will have the chance to learn more about various topics and obtain personalised advice.

Christmas fundraising campaign by our apprentices



This year, our trainees decided to support the food bank with a Christmas fundraising campaign. Donations were collected at the company headquarters in Baden-Baden. 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.

Supporting Esslingen University



The "Rennstall Esslingen" (Esslingen racing team) is the Formula Student Team of Esslingen University. As a platinum sponsor, we support the team by providing compact, lightweight and robust measuring technology for developing and testing the motor and battery cooling system.

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***Note:** In the interest of improved readability, we have avoided the simultaneous use of the masculine, feminine and other linguistic forms. All references to persons apply in principle to all genders for the purpose of equal treatment. This shortened linguistic form is for editorial purposes only and is entirely without prejudice.*

STRATEGY

IPETRONIK GmbH & Co. KG is a global company offering mobile measuring technology, DAQ software, engineering services and test bench technology for the automotive industry. IPETRONIK captures data to make the future of mobility safer, more sustainable and more efficient. This combination of strategically intertwined business areas is unique on the market. OEMs and tier-1 suppliers worldwide rely on the high quality of the products and services from IPETRONIK. The company sees itself as a partner that enables customers to successfully meet the demanding research, development and testing requirements in the automotive industry and a wide range of industrial applications. The innovative hardware/software solutions and the test bench technology from IPETRONIK are developed and produced in Germany. Our global distribution network and subsidiaries in regions including India and North America ensure worldwide sales with regional support. IPETRONIK is a company of INDUS Holding AG.

As part of the development of a sustainability strategy, a working group was established in 2020 comprising representatives from the various departments of the company. At its head is the commercial management board. Its other participants consist of members of the human resources, sales, marketing, product management, quality management and purchasing departments. This working group examined and discussed various sustainability criteria, based on the three-pillar model of sustainable development. This includes, in particular, sustainable development, which can only be achieved when environmental, financial and social objectives are implemented simultaneously and with equal priority, each of the various objectives being mutually dependent on the others. When developing these objectives, IPETRONIK referred to the 20 guidelines of the German Sustainability Code (DNK) and the CSR Directive Implementation Act, which created a number of action areas for the company. The primary – already firmly embedded – aim is to integrate our sustainability strategy into the corporate vision and strategy, along with the mission statement:

"The future of mobility depends on the intelligent use of energy resources. We are convinced that our products form a key part of this future. As a result of this conviction, our years of experience and our thirst for knowledge, we are constantly striving to offer solutions to this exciting challenge".

The reduction of energy consumption with respect to mobility is therefore a key concern of IPETRONIK; this is explained in more detail in another report in the section "Environmental and energy objectives".

In implementing the three-pillar principle, IPETRONIK combines economic productivity with environmental responsibility and social equity. These three aspects are in harmony with one another and mutually impact each other.

Ecology

We take a responsible approach to the environment and resources at all of our national and international sites. This applies not only to products and manufacture, but also to energy- and space management. Among other measures, we have already converted our national sites to green electricity. A photovoltaic system also supplies our Baden-Baden site with solar power. This has an output of 148 kWp. We have also taken sustainability measures with regard to travel: While our in-house vehicle fleet is now CO₂-neutral, travel has also been drastically reduced – through the use of alternative, digital communication channels – for the good of the environment.

Economy

IPETRONIK is an economically sound and profitable company with consistent economic growth. In order to continue to increase the company's performance steadily and sustainably, a few years ago, we started

to implement quality management systems. We currently have an extensive process landscape and a certified quality management system in accordance with the worldwide recognised DIN EN ISO 9001 standard. Our environmental management system is also certified in accordance with DIN EN ISO 14001. In the area of IT security and prototype protection in the automotive industry, we are also certified in accordance with TISAX® (Trusted Information Security Assessment Exchange). As part of this, we draw on CIP as a key principle in order to continuously improve and expand our processes. A concept for sustainable supply chain management also forms part of this continuous optimisation and increased efficiency. This is an essential part of IPETRONIK's corporate philosophy. We also take sustainability aspects into account when developing new products. This point is set out separately below (under "Product development").

Social responsibility

Through our working conditions and social standards, we help foster good work-life balance and create a positive corporate climate. This is how we embody the "New Work" concept, giving our employees plenty of breathing space and confidence to develop their potential and pursue self-fulfilment. One example of our "New Work" concept is the option for our employees to organise their working hours flexibly, in a way that meets their needs. Allowing our cross-site teams to use modern IT tools to collaborate virtually, regardless of their location, is for us a matter of course. This way of working contributes to a healthy work-life balance. To enable us to work together to achieve success, we follow the "Management by objectives" principle. Clearly defining the objectives enables their requirements to be defined; our employees can then decide for themselves how to achieve these objectives. In addition, our health and pension schemes help ensure that our employees (and their families) feel happy and secure with us, even during difficult times. As a successful, mid-sized business, we also take our responsibilities seriously by supporting social projects (such as "Lebenshilfe"), while also offering young people a future and prospects through workplace training.

Through our **Code of Conduct**, we make an active contribution to the protection of the business and of our employees: Laying down the statutory regulations, ethical principles and certain values ensures compliance with legal and internal provisions and the promotion of aspects such as trust, responsibility, appreciation and reliability.

Furthermore, we have identified two further key action areas for which sustainability measures are already being implemented.

Product development

We take into account sustainability criteria when developing our products. Primarily, these include the following categories: Material usage, manufacturing process, service life, recycling and energy consumption. In this regard, we have already begun switching to sustainable products. We also attach a great deal of importance to the fact that our products – where these must be discarded at the end of a long life cycle – can be disposed of without hesitation and thus do no harm to the environment in a vast number of cases.

Stakeholder engagement

IPETRONIK is in constant communication with all its stakeholders in order to develop a mutual understanding and build a trusting relationship for a long-term collaboration. The company has, as the main stakeholders, its parent company, INDUS Holding AG, its employees, customers, suppliers, distributors, the region of Baden-Baden in which we are headquartered, along with organisations that we support as part of social projects. We also consider society as a whole to be a stakeholder.

From the resulting relationship and from a deeper understanding of the relevant interests, ideas, inspirations and innovations occasionally also evolve.

Environmental and energy objectives

Ever since the company was founded, protecting the environment, nature and resources has been one of our concerns. This commitment has been part of our focus since day one – not least because IPETRONIK, at its core and in its values, is designed for the environmental optimisation of technical components and processes. This is especially evident in the automotive sector, which forms one of our main areas of activity. This sector presents a wealth of opportunities for environmental improvements, something we – in line with our maxim "Intelligent & Precise Engineering for Tomorrow's Global Mobility Market" – are engaging with in order to offer solutions for future-oriented developments and testing. Our products and services create the best possible technical conditions for our customers to develop their own environmentally friendly, energy- and resource-saving components. Our globally recognised expertise applies not only to vehicle and component development – we also make a key contribution with regard to the use of environmentally friendly refrigerants and the development of thermodynamic processes and components in the field of electromobility.

Our range of products and services covers almost all aspects of environmental optimisation. Using our test benches, we can test both the consumption data and durability of test specimens under laboratory conditions as well as – with the appropriate measuring technology – their practical applications. This enables our customers to make targeted improvements to their own products, ultimately resulting in an increased range for vehicles while consuming less energy and fewer resources. The continuous development of our products and services ensures the sustainable improvement of our product portfolio. This is because we are able to not only make technical adjustments, but also ensure our production is resource-saving and our services optimised. This benefits the customer, who receives a product that actively contributes to the achievement of their environmental objectives. One of our key concerns is the preservation of the natural environment as the source of life for future generations. For this reason, environmental protection, nature conservation and the use of natural resources are among our principles for how we do business: While every activity involves the use of natural resources, we keep the environmental impact as low as possible by using resources sparingly and avoiding or minimising the generation of residual material, waste, polluting emissions and waste water. Insofar as economically justifiable, we employ the very best methods and modern technologies possible. We are also committed to complying with all applicable environmental laws and regulations. We also expect this of our employees and business partners. We are also committed to the continuous application, review and improvement of our internal measures.

By installing large-scale photovoltaic systems on the roofs of our production and administration buildings, we are making an active contribution to the use and feed-in of sustainably generated energy. Our sites in Germany have already been converted to use electricity from alternative energy sources ("green electricity") for their everyday consumption. Furthermore, our vehicle fleet is climate-neutral, as we have offset the cumulative greenhouse gas emissions of our vehicle fleet every year since 2019, by investing in environmental projects. Two additional electric vehicle charging stations were also installed on our company premises in 2023. These internal principles are championed and actively embraced by the management board and by staff.

MATERIALITY

Corporate environment

Globally, a change is happening in the automotive industry. This impacts not only OEMs and tier 1 companies; it also affects all companies involved in automotive development. The neo-ecology megatrend (including the reduction of emissions and energy consumption and the incorporation of new ecological values into everyday life) has become the central driver of change in the economy. The result of this trend will include, for example, current and future changes in legislation. This will impact, among others, issues relating to exhaust gases and emissions, various development trends, the electrification of main and auxiliary units and processes for increasing efficiency with the aim of saving energy and emissions in future.

Positive

IPETRONIK GmbH & Co. KG is a globally operating company for mobile measuring technology, DAQ software, engineering services and test bench technology for the automotive industry. Our field-tested, comprehensive portfolio of high-precision measuring modules, data loggers and sensors is designed for extreme environmental conditions and is used across the world. Furthermore, we have extensive expertise in the areas of vehicle and test bench testing, climate acoustics, powertrain and thermal management, and have many years of experience in the field of test bench construction (including: system- and component evaluation, simulations). As a result of our strategically interconnected specialist departments, we are able to meet challenging demands for research, development and testing across various automotive applications. This concept of interconnected departments – coupled with our extensive expertise – creates a high level of demand.

Chance/risk

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. However, it is the transfer of knowledge – from constant communication with stakeholders – that results in the development and expansion of further expertise. This accelerates the optimisation of processes and promotes the creation of new, essential measuring technologies.

Outlook

A materiality analysis will be carried out in 2024 from which the primary issues and focal points will be determined, where these are not yet known and have not been communicated. In the next step, we will assess any measures taken based on this materiality analysis, consolidate them and examine other avenues for potential future development. On the strength of this, we will assign specific objectives to individual activities, for example in the form of key performance indicators (KPIs). We will also continuously monitor the development of these KPIs and the achievement of objectives in order to identify further areas for action and potential.

OBJECTIVES

The continuous development of our sustainability strategy includes the definition, monitoring and optimisation of defined IPETRONIK corporate objectives. As well as addressing strategic corporate development and financial areas within the context of sustainability management, these objectives cover the key sustainability issues. These are based on the objectives of shareholder INDUS Holding AG.

The defined medium- and long-term objectives are broken down into annual milestones and monitored by the relevant departments. These objectives are assessed annually and the degree of achievement established and documented. Assessing the achievement of targets is the responsibility of both the sustainability team and management.

The objectives defined up until now are set out under the respective criteria under the heading **Outlook**.

LENGTH OF VALUE CHAIN

At IPETRONIK, sustainability in the value chain aims to manage the impact of social, economic and ecological factors and create corresponding added value.

Our products pass through the relevant stages of the value chain, i.e. procurement, production, logistics and final servicing.

When purchasing raw materials, we ensure that procurement is sustainable and free of conflict materials and also make these demands of our suppliers. Our products themselves have CE marking and, where applicable, are RoHS-compliant,

Through the use of component catalogues, we aim to ensure consolidated, sustainable procurement for both system components and assemblies.

In accordance with EU targets, we developed and introduced a system that complies with the Lieferkettensorgfaltspflichtengesetz (German Supply Chain Act). All IPETRONIK suppliers are now recorded in an online database. Our suppliers are now evaluated and risk-assessed on a range of criteria including child labour, forced labour, slavery, occupational safety, harmful soil, water and air pollution, among others. Each supplier is assigned a risk score from 0 to 6 based on the data entered.

Suppliers with a risk score over 3.5 are vetted and validated accordingly by third parties or audits through appropriate measures such as certification. In 2023, 18 out of 440 suppliers were identified as high risk and appropriate measures were initiated as a result.

RESPONSIBILITY

Overall responsibility for the sustainability strategy, its objectives and implementation lies with the management board. They are assisted by the sustainability officers, who head up the sustainability team,

while the sustainability team coordinates and handles all relevant matters. As well as being responsible for implementation, the sustainability team makes a significant contribution to strategy alignment by defining the topic areas and objectives.

The review and resultant setting of objectives/adjustment of the sustainability strategy is carried out annually in collaboration between the management board and the sustainability team. Operational implementation is then carried out by the responsible members of the sustainability team.

RULES AND PROCESSES

All processes and rules at IPETRONIK are documented using a management system in accordance with DIN EN ISO 9001:2015. All employees are required to adhere to these rules and processes.

Based on the objectives and strategy defined by management, items are communicated to employees via managers and team leaders. Compliance is monitored by means of regular, recorded meetings at all management levels.

With the introduction of the DIN EN ISO 14001 (environment), together with the DIN EN ISO 9001 (management) and TISAX (data/prototype protection), the integrated management system (IMS) was set up.

Internal and external auditors also carry out a corresponding review. The number of internal and external audits are set out in the annual audit plan.

Outlook

In 2023, we were successfully recertified according to DIN ISO 14001:2015 and DIN ISO 9001:2015. This standard will now be monitored during 2024 and 2025 and reviewed again in 2026. Also in 2023, we underwent a TISAX assessment to evaluate and confirm the maturity level of our system. This will remain valid until 2026.

MONITORING

The sustainability objectives are integrated into the respective departments or processes and are communicated and monitored by our sustainability team in accordance with a defined communication system. The resulting measures are reviewed regularly in terms of their effectiveness and economic efficiency.

Sustainability focal points are agreed with managers as part of the annual objective agreements. Data from various sources – including the ERP system, accounting, customer and supplier audits, and employee surveys – is collected and evaluated in order to determine the objectives.

After the end of each financial year, the key sustainability figures are summarised and assessed by the management board. Based on these figures, the existing objectives are then reviewed and, where necessary, adjusted in collaboration with the sustainability team and redefined for the following year. Assessments of the achievement of objectives are published and presented transparently within the company.

Regular internal and external audits enable us to ensure compliance with agreed processes – both within the company and among our suppliers.

This process is also reviewed and verified by independent certification bodies for quality management in accordance with ISO 9001. In 2023, recertification for 9001:2015 and 14001:2015 took place across all German sites. They all passed and the certificates were extended.

INCENTIVE SCHEME

Objective agreements

Objective agreements are established with managers and sales employees at the beginning of each financial year; these include both revenue- and success-based objectives and individual objectives. Revenue- and success-based objectives are determined depending on function (e.g. sales, production departments). All objectives that are agreed contribute to the development of the company and are part of the corporate strategy.

The aim is to include objectives in these agreements that relate to the company's sustainability strategy.

Review meetings are held regularly between managers and their direct supervisors in order to determine the status of the objectives and implement measures to achieve or adjust the objectives, depending on their status.

For employees/managers who have agreed a bonus as an incentive, payment of this bonus will be made depending on the extent to which the objectives have been achieved. The extent to which the objectives have been achieved is determined with the respective direct supervisor, based on the metrics agreed as part of the objective agreement.

Performance assessment: Development meetings

IPETRONIK managers conduct development meetings with their employees every year. The personal and professional development of employees always forms an integral part of these meetings. The company management is highly invested in providing its employees with possibilities for further developments and encourages them to take suitable opportunities to make the principle of "lifelong learning" part of their everyday life.

During the meeting, the employee and manager provide mutual feedback, and this is recorded in our standardised digital meeting minutes for development meetings.

Once all the meetings are complete, the meeting minutes finalised by the meeting participants are stored in the HR management software, HRworks. Where a need for action results from the meetings, the manager will proactively direct this to Human Resources (HR) in order to agree on the next steps together.

Profit-sharing scheme

Employees who have not received a target agreement bonus may receive a share of the profit, provided the company has achieved its financial objectives. The amount of bonus paid depends on hierarchy/employee level.

Bonus for employee recruitment

Each employee who recruits a new employee will receive a bonus, which is paid in two parts. The first part of the bonus is due on the new employee's first day; the second part on successful completion of the probationary period.

In order for this bonus to be paid out, the recruiting employee must be named during the application process, the new employee must receive a permanent employment contract and start work, and the new employee must successfully complete their probationary period. The recruiting employee must also be an active member of the company workforce.

Achieving objectives

The framework for the bonus system for employee recruitment was successfully implemented in July 2023, in line with the objective stated in the 2022 Sustainability Report.

Outlook

It is important to us that our employees develop their full potential, so our aim is to introduce a Compensation Review Process in 2024, with a view to empowering our managers. This process will cover the annual salary review and also the extraordinary salary review as part of annual development meetings.

STAKEHOLDER PARTICIPATION

With regard to the participation of stakeholders, the stakeholder groups relevant to IPETRONIK were also determined. First, the "Sustainability working group" identified the stakeholders.

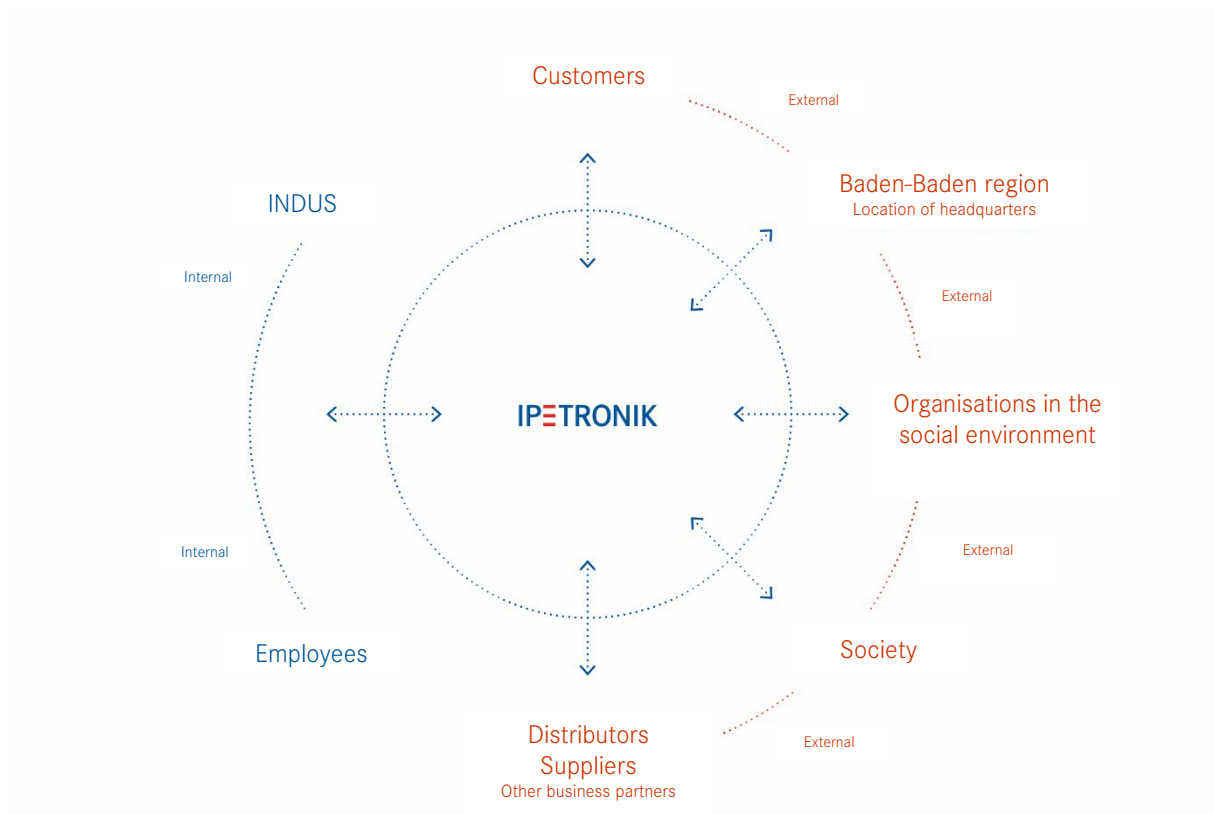
Definition of stakeholder

IPETRONIK operates in a complex corporate environment and, with its activities, can make a significant impact on the interests of its stakeholders. At the same time, the company's business activities are also significantly influenced by social and political developments. For this reason, IPETRONIK communicates regularly with all its stakeholders in order to build a trusting relationship and a better understanding of the relevant interests.

IPETRONIK considers stakeholders to be all interest groups that are influenced by or influence the company's business activities. This may be individuals, companies or other organisations and groups. Here, IPETRONIK has identified the company's main stakeholder groups as our parent company INDUS Holding AG, our employees, customers, suppliers, distributors, the region of Baden-Baden in which we are headquartered, along with organisations that we support as part of social projects. We also consider society as a whole to be one of our stakeholders.

IPETRONIK considers stakeholder management to be a regular and systematic engagement with all its stakeholders. This also includes a continuous exchange of information on relevant topics such as that which takes place for joint projects or at trade fairs. This results in a relationship that deepens mutual understanding on the one hand and can act as a source for ideas, inspiration and innovation on the other. As a subsidiary of INDUS AG, communication with the parent company is particularly important for IPETRONIK.

Key stakeholder groups



We communicate regularly with all stakeholder groups. To do so, we use a variety of means and channels of communication, from direct dialogue and regular reports to media and trade shows. The following is a description of these 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 program 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.

Achieving objectives

One of the objectives for 2023 was to expand communication with the various stakeholder groups through a range of different measures. To achieve this, we increased the number of customer visits and trade fair participations, among other things. We also introduced the "Management Chat" initiative in order to improve communication with the employees. Employees can post questions to the chat, and these are then answered verbally by the management team. Participation in company runs at the Baden-Baden and Düsseldorf sites raised a total of €1000, which was donated to the Baden-Baden Food Bank.

Due to a lack of resources, it was not possible to develop a stakeholder matrix in 2023 as planned. In order to adequately meet this need, this has been planned for 2024.

Outlook

The development of a stakeholder matrix, which failed to happen in 2023, will take place over the next year. The experiences gained from this will be incorporated into ongoing corporate communication and the plans for the coming years.

In so doing, the selection of stakeholder groups will be checked regularly and adapted where necessary based on continuous communication.

INNOVATION AND PRODUCT MANAGEMENT

We develop innovative products in the field of measuring technology, build test benches and provide services in the automotive environment. We are aware of the responsibility this entails across all business areas, and make decisions regarding product development that are as sustainable as possible. We take conscious approach to environmental protection as part of our everyday decisions. We also engage extensively with sustainability issues as part of product management.

When considering the ecological footprint of our products, the product life cycle plays a key role in the environmental balance. The high quality of our products means that we can guarantee a long service life compared to other manufacturers. In the field of semiconductor technology, however, the life cycle of many products is limited to a certain amount of time, representing an obstacle to the goal of sustainable business. Through our concept of a modular system, we are working to address this problem. "Modularity" means the division of a system or product into its individual components. The advantage of modular design in measuring technology is that individual components can be replaced without needing to replace the entire product. In supplying spare parts, we give our customers the opportunity to replace individual components of a product, while at the same time extending the life cycle of the end products. Our modular approach allows us to combine a high degree of innovation with a sustainable environmental footprint.

In order to optimally exploit the experiences gained from the modular approach, in 2021/2022, an automated warning system was integrated for the products in the Measure business unit which analyses the module failure rates. In the case of above-average defects, the system makes the user aware in good time of the frequently occurring failures and thus enables improvements to be made to the modules prone to defects before these are unnecessarily produced again in large quantities and delivered. The information about defects that occur at an above-average rate and the causes thereof are then made available to Development so that the experiences gained can be integrated into new product lines.

In addition to the product aim of "improvement", the aim of product further development is also to use less energy for the given task for every new generation of devices. With this in mind, over the last 16 years, we have been able to reduce the energy requirements of a data logger for a required processing power by a factor of 15 (Figure 1), while we have managed to reduce the energy requirements of measurement modules by a factor of 28 (Figure 2).

Since the products are also so sustainable that a series is produced over several years without being changed, it is not possible to specify improvements to be made on an annual basis. The improvements between the generations are listed.

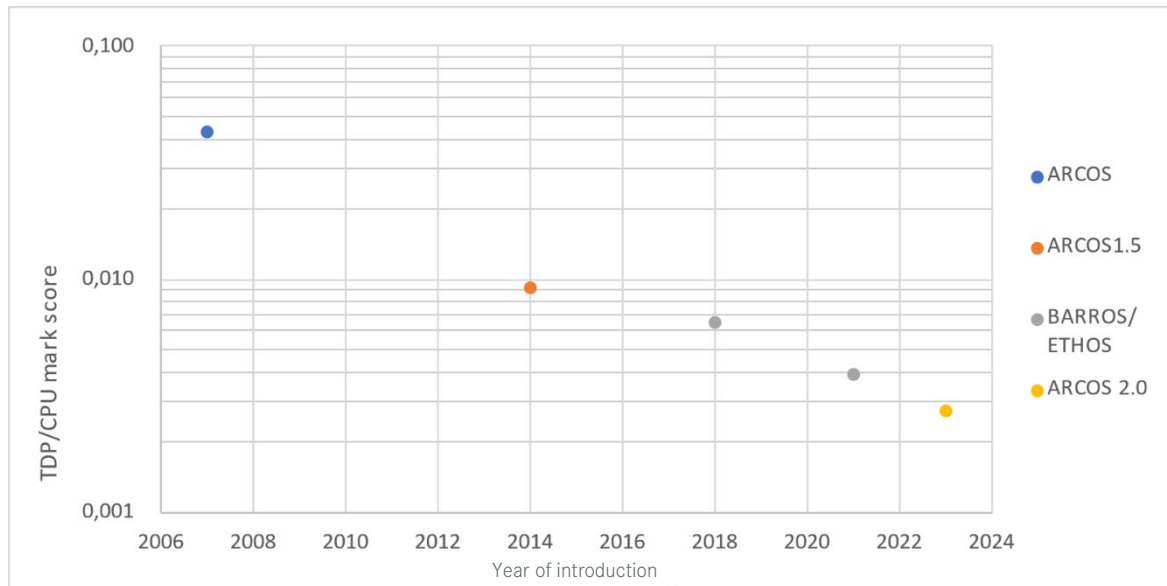


Figure 1: Data loggers: Trends in energy requirements per calculation 2006–2023

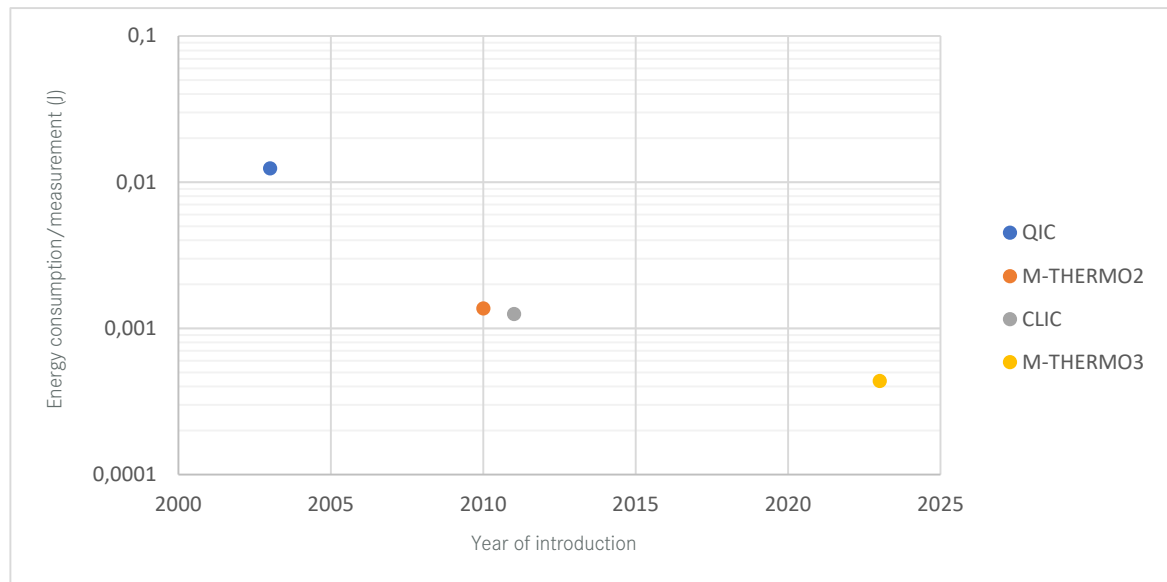


Figure 2: Measurement modules: Trends in energy requirements per individual measurement 2003–2024

When selecting materials for our own products, we ensure that individual components are, for the most part, made of recyclable materials.

Our products are predominantly used in the automotive industry in order to develop and verify new drive technologies.

During product development and subsequent production, we give preference to local partners as much as possible. This enables us to draw on the high degree of innovative capacity and high standards within the field of environmental technology in the EU. An increased use of local partners in production and development keeps transport distances short and, consequently, our carbon footprint small. Consequently, our relationships with suppliers are mainly focussed within the EU area.

Outlook

We want to increase the service life of our products in the Measure business unit, and we will implement the Lessons Learned process for this together with the Development departments and Production. This process will relate to how experience gained at the end of a product life cycle can be incorporated into the development of new products.

USE OF NATURAL RESOURCES

As at October 2023, IPETRONIK uses the following resources for its business operations:

	2018	2019	2020	2021	2022
Electricity (MWh)	1,632	1,323	1,434	1,331	1,406
CO ₂ (t)	—	—		3.9 ¹	0
Thermal energy (kWh)	244,371	229,399	240,579	239,958	237,845
Fuel					
Diesel (Mm/m ³)	744/ 54.9	838/ 67.8	438/ 35.6	395/ 31.4	432/ 34.4
corresponds to CO ₂ (t) ²	181.7	224.4	117.8	103.9	113.8
Petrol (Mm/m ³)	418/ 34.1	544/ 45.6	333/ 30.4	621 ³ / 47.8	596/ 45.9/
corresponds to CO ₂ (t) ²	107.1	143.2	95.5	150.1	144.1
Total CO ₂ (t)	288.8	367.6	213.3	254	257.9
Flight emissions CO ₂ (t)	340.32	287.55	27.91	12.79	133.65
Area (offices, production, logistics) (m ²)	9,093	9,918	10,718	10,718	10,718
Waste ⁴ (t)			51	54	56
Amount of which can be recycled	—	—	82%	84%	87%

Various materials are used for the manufacture of our products. The main components are aluminium housings and frames, circuit boards, electronic components, fastening elements and copper tubes. Paper, plastic and wood are used as packaging materials.

Since 2021, our sites at Baden-Baden, Bergkirchen and Düsseldorf, as well as our subsidiary IPETRONIK Eichstätt GmbH, have used exclusively green electricity.

In order to reduce CO₂ emissions, we forgo business trips to other sites, customers and business partners and conduct virtual meetings whenever possible. We are proudly able to say that our fleet is climate neutral. Through the purchase of CO₂ certificates, we have been able to offset the cumulative greenhouse gas emissions of our vehicle fleet every year since 2019. In 2021, we supported a safe water project in Gatsibo, Rwanda – for more information, visit the following link: [Trinkwasserbrunnenprojekt Gatsibo | Die KlimaManufaktur \(die-klimamanufaktur.de\)](#).

¹ 1319 MWh low-emission self-generated or acquired from low-emission sources.

² With petrol 3.14 kg/l CO₂ and diesel 3.31 kg/l CO₂ Well-to-Tank. Source: [Producing gasoline and diesel emits more CO₂ emissions than we thought – Innovation Origins](#).

³ Includes 131 Mm with hybrid vehicles.

⁴ Determining the quantity of waste is currently still associated with a large number of errors since "Number of emptied waste containers" is still used as a measurement in individual sites.

RESOURCE MANAGEMENT

Electricity consumption is recorded using smart meters and an optimisation of operating hours is carried out on a regular basis. In addition, our photovoltaic system generated 149,789 kWh in 2022.

By increasingly introducing mobile working and reducing business travel, we will continue to make every effort to reduce fuel emissions as much as possible. In future, we will make even greater use of the modern communication platforms, Microsoft Teams and Zoom, and hold a large number of meetings using these tools. As a result, even fewer air journeys will be taken. Furthermore, our company fleet will be converted gradually to electric vehicles.

We have already been able to reduce our air miles significantly compared to 2018 – with 486,240 air miles in 2022 – and will continue to pursue this goal in the future. Appointments will be conducted in a digital format wherever possible.

Outlook

Overall floor space is likely to increase over the next few years as a result of company growth and the development of new business areas. However, the area in m² will remain unchanged, thanks to the possibilities presented by remote working and the creation of flexible workplaces.

IPETRONIK is reviewing its own product range to identify a potential recycling concept for products at the end of their life cycle. Consideration will only be given to products that can be recycled without hesitation with respect to sustainability. We are in consultation regarding a process that will enable our customers to return any relevant products to us. In 2022, we implemented the new "Sustainable packaging" initiative. This entails dispensing with padding material and using an innovative solution to achieve a recycling rate of nearly 99%. We are also working with our suppliers on a solution to eliminate plastics completely from our cable packaging. Even the dispatch notes, which are currently supplied as paper inserts, should in future be digitally accessible. Furthermore, we will make our fleet climate-neutral using CO₂ certificates.

CLIMATE-RELEVANT EMISSIONS

We are conscious that the actions of our company have an impact on the climate. Our aim is to keep climate-relevant emissions at as low a level as possible. In order to achieve this objective, processes are being integrated into the management system that record the main consumption of energy and emission-generating substances. This data is regularly assessed. Following this assessment, measures are adopted, the necessary resources allocated and a time schedule determined for implementation.

Achieving objectives

Successful recertification in accordance with ISO 14001 (Environment), carried out by TÜV-Süd.

By using "green" electricity and through the gradual conversion of the vehicle fleet to electric drives, we were able to reduce the CO₂eq/€ million gross value added (IPETRONIK GmbH Co. KG and IPETRONIK Eichstätt GmbH) to 12.11 t CO₂eq/€ million in 2022. The goal of achieving carbon neutrality by 2045 is still on track.

Outlook

With the successful certification in accordance with DIN EN ISO 14001 (environment) by TÜV-Süd, compliance with the standard is checked on an annual basis.

We have defined an environmental programme for 2024 to 2027 in order to achieve gradual improvement in the figures. The measures will be monitored and measured on an annual basis.

EMPLOYEE RIGHTS

Compliance with the law is our highest priority. In our current Code of Conduct, we undertake to comply with national and international laws, and the resulting regulations, in all our transactions.

Labour law, social security law and tax law

In order to safeguard the labour rights of our employees both nationally and internationally, all applicable framework conditions relating to labour law, social security law and tax law are checked before an employment contract is drawn up. For employment relationships subject to German law, standardised employment contracts are used; these are regularly reviewed to ensure that they are up to date. For employees who work for our company abroad, we have engaged agencies in each country of employment to provide us with advice on labour law, tax and social security issues.

Benefits

Free parking spaces for employees are available on company premises at almost all sites. Workplaces are modern, bright and ergonomically designed. Free beverages are provided. Employer-subsidised lunch may be provided at certain sites.

IPETRONIK has a pension scheme in place, which sets out the rules regarding employer-funded company pensions for the employees. Other benefits include the option of the JobRad model and working from a mobile office three days a week, if the position in question permits this.

Occupational safety/health protection

All rules and regulations relating to occupational health and safety are observed and are regularly reviewed by the appointed occupational safety specialist and the safety officer. Each year, all employees receive training on these topics.

For the purpose of illness prevention and to promote the health of employees, a health day is held annually in collaboration with a statutory health insurance fund. Participation is voluntary for all employees. Where an individual decides to participate, they are released from their duties on full pay.

In 2022, the "Company health management" project was launched. This project is also set to continue in 2024 after the initial 18-month project term is over. As part of the project, the project group develops a range of measures that serve to promote the health of company employees, such as health days and exercise opportunities.

An employee survey was carried out in 2021 which also included a psychological risk assessment. Based on the results of the survey, measures were determined and implemented. More specifically, workshops with specific employee groups were held and specific measures prepared.

Education and training

In respect of certification, consideration is also given to sustainability-related issues such as training initiatives and employee skills.

IPETRONIK supports personal and professional training and education for its employees. In 2019/2020, the topic of management and managerial responsibility became a particular focus. The plan is to continue this program over the coming years. Continuing education for our managers feeds into our sustainability strategy, as responsible management also plays a particular role in safeguarding and promoting employee rights.

Transparent communication

In order to ensure that all employees receive the same information as much as possible, we practise open and transparent communication. Employees receive regular information from the management board and the Human Resources department about new topics and issues relevant to the entire staff. Information is distributed digitally, e.g. via the intranet, in virtual meetings and virtual town halls.

All the key organisational regulations and company agreements that apply to employees are stored on the intranet in order to ensure that up-to-date information can always be accessed.

In addition, important information that is of interest to all employees is published in digital newsletters in Teams channels, such as HRInsights. This will ensure, for the long term, that all employees receive the same information and can refer to it again and again.

Achieving objectives

In February 2023, we organised a health day for the first time across all sites and subsidiaries. The programme was split into digital elements and on-site offerings. In addition, in October 2023 we are holding a digital health week, with the focus on stress management, nutrition and exercise.

In January 2023, we engaged a national service provider to provide support services in accordance with the Arbeitssicherheitsgesetz (German Occupational Safety Act), so that employees at all sites and subsidiaries in Germany can receive professional care in the areas of both occupational health and technical safety.

Outlook

The "Company health management" project will also continue in 2024 and the budget will be used to promote the health of company employees directly, through initiatives such as health days and coaching opportunities.

For 2024/2025, we plan to repeat the psychological risk assessment element of the employee survey from 2021.

Age structure and distribution of the staff

The current age structure of the IPETRONIK Group is as follows:

Age	% FTE	Percentage of which are females
Group 1: < 20 years old	1.85%	0.00%
Group 2: 20–29 years old	15.67%	5.54%
Group 3: 30–39 years old	29.18%	3.03%
Group 4: 40–49 years old	24.87%	3.63%
Group 5: 50–59 years old	23.68%	3.74%
Group 6: 60 years old	4.75%	1.38%
Total	100.00%	17.33%

(As at 09/2023)

Proportion of female employees/female managers

Number of employees	% females out of total FTE
229	16.40%

(As at 09/2023)

Managers	% managers out of total FTE	% female managers out of total FTE	% female managers
43	19.84%	2.31%	8.6%

(As at 09/2023)

Proportion of trainees/students

Our objective is to further increase the number of our trainees and students and thus to contribute to reducing the lack of specialists. Our experienced specialist staff and experts have the chance to pass on their knowledge by supporting the new generation of employees, thus ensuring their skills remain within the company.

Trainees	% trainees out of total FTE	% female trainees out of total FTE	% female trainees
8	3.69%	0.46%	12.50%
Students	% students out of total FTE	% female students out of total FTE	% female students
1	0.46%	0.00%	0.00%

EQUAL OPPORTUNITIES

As set out in our Code of Conduct, we respect the dignity and personality of all individuals. We believe in interacting with others from a place of mutual respect, fairness, team spirit, professionalism and openness.

We promote equal opportunities and diversity in society. No employee or applicant will be discriminated against on the basis of gender, race, nationality, age, religion, sexual orientation, disability or illness.

We employ people from a wide variety of countries and cultures and benefit from a diverse range of cultural influences in the very best way. This requires consideration of various perspectives, and the creativity that this generates has proven to give us a significant competitive advantage, particularly in matters relating to technical development.

Decisions regarding the selection, training and promotion of employees are based exclusively performance-related criteria. The oft-discussed female quota is not taken into account when filling management positions in our company; women in management positions are for us a matter of course, provided that the candidate possesses the necessary personal and professional qualifications.

With regard to the payment of our employees, we are guided by the prevailing market conditions and the statutory framework conditions (e.g. MiLOG). Salaries are reviewed on a regular basis. A universal salary adjustment generally applies to all employees. All employees are also treated equally with regard to special bonuses, depending on their level in the hierarchy.

Another major issue is the balance between family and career. We enable all our employees to make use of parental leave, part-time parental leave and part-time models in a wide variety of forms. Employees are also able to avail themselves of flexible working hours and have the option of working remotely.

Overall, it can be said that equal opportunities and diversity are a part of IPETRONIK's everyday reality.

Achieving objectives

In 2023, IPETRONIK has already started to achieve positive results with regard to increasing the number of female specialist staff.

Outlook

Our aim continues to be to increase the number of female specialist staff over the next five years. We will pursue the approach of collaborating with universities and cooperative universities, as this has already begun to produce positive results. Further recruitment drives are planned for 2024, and these are expected to be developed and implemented during the course of the year.

QUALIFICATIONS

Vocational training – in-house trainees

For IPETRONIK, a future-oriented education means much more than just learning – it means entering into a professional future that includes a variety of opportunities and perspectives. Consequently, for a number of years we have been greatly concerned with enabling young people to enter professional life and offering them a career within our company.

We are currently providing training for five different professions; to date, numerous young people have successfully completed their vocational training and are working across a variety of departments and positions within our company.

To ensure high-quality training, we work in close cooperation with training associations and vocational schools. We are also making efforts to promote modern training opportunities, such as the integration of dual study.

Our workplace trainee roles:

- IT specialist
- Mechatronics technician
- Mechatronics technician for refrigeration
- Electronics technician for devices and systems
- Industrial clerk

Our dual-study course in collaboration with the DHBW in Karlsruhe:

- Bachelor of Science (B.Sc.) – Business Administration/Industrial Management
- Bachelor of Engineering (B. Eng.) – Electrical Engineering – Automation

Furthermore, through internships, practical semesters, dissertations or work-study positions, we offer students of universities and schools the opportunity to gain valuable practical experience and interesting insights into the world of mobile measuring technology, DAQ software, engineering services and test bench technology.

Outlook

In 2024, we will focus more closely on attracting new young talent. To this end, we will be partnering with Baden-Württemberg Cooperative State University, collaborating with vocational schools and visiting career fairs, with the aim of increasing awareness of IPETRONIK as a training company within the market.

Social projects

Alongside vocational training, the personal development of the young people in our care is also important to us.

In the past, our trainees and students were given the opportunity to complete a one-week internship at a social organisation, "Lebenshilfe". Between 2020 and 2022, these internships had to stop due to the coronavirus pandemic. Since 2023, our trainees have, once again, been regularly completing their social internships at the Lebenshilfe and reporting on their experiences in their Trainee blog on the intranet.

In 2021, our young employees chose the "Christmas in a shoebox" project and implemented it with such great success that they committed to doing it again in 2022. It is worthy of particular note that this trainee

project received a special mention in the INDUS Holding sustainability report, which is something these young people can be very proud of.

Achieving objectives

It has been a busy year for IPETRONIK employees in 2023 as well. Many of them took part nationally in various company runs, and the management board donated €1 to a good cause for each kilometre run.

The Customer Sales Administration department organised a cake sale in July 2023, the proceeds of which were also for a good cause.

These activities collectively raised a not insignificant sum, which was personally handed over to the food bank in Baden-Baden.

Outlook

The trainees from IPETRONIK were very moved by their visit to the food bank, where they saw first-hand the valuable work that the food bank volunteers do – so much so that they decided to support the food bank as a permanent social project. They are currently planning initiatives together with their training supervisors, in order to bring the project to life.

Internal and external seminars/in-house training

All employees are free to participate in internal and external seminars held by appropriate training institutions, provided that these are approved by the relevant head of department/division manager and that the budget exists for this. Individual needs are determined on the basis of the annual employee appraisals/development meetings, among other sources of information.

The topics, content and organisation of any activities are coordinated as required.

Since 2020 most of our internal seminars have been conducted virtually, taking full advantage of the benefits of digitalisation. This reduces the stress of deadline pressure, which positively impacts the health of employees.

Further personal education/training/qualifications

Depending on the company's needs, we support our employees' decisions to pursue additional personal qualifications, e.g. obtain their master craftsman training or technician training, pursue further study as a professional in business administration, professional in project management, etc.

For individual training activities that are financed by the company, we generally require the employee to remain with the company for a period of two years following completion.

Specialist and management career paths

At the beginning of 2020, we began developing a career concept that includes the option of working towards a specialist/expert role alongside the classic management career path.

Specialist career paths are especially favourable when it comes to sustainability within the company. This is because, through early succession planning for specialist staff, knowledge can be passed to the next generation in good time, ensuring that this knowledge is not lost. A specialist career path contributes to long-term employee loyalty, as colleagues who would like to develop their skills further are shown how to enhance their technical knowledge and apply it in a way that adds value within the company. They are held in high regard, by acting as a specialist advisor for colleagues, customers and business partners.

Achieving objectives

The concept of a continued development programme for specialists and managers became a reality in 2023.

Outlook

The concept for the introduction of a specialist career path is expected to be rolled out in the first quarter of 2024, in a pilot project for the Engineering department.

HUMAN RIGHTS

As set out in our Code of Conduct, compliance with the law is IPETRONIK's top priority. In our current Code of Conduct, we undertake to comply with national and international laws, and the resulting regulations, in all our transactions.

We conduct our business via legal and ethically sound means. The management board expects this of everyone. Our company also insists that its business partners, suppliers and customers comply with the principle of legally and ethically impeccable conduct.

We engage our suppliers subject to compliance with our "Sustainability Guideline for Suppliers" and require them to submit a self-declaration in line with Corporate Social Responsibility (CSR) practices.

The aim of our "Sustainability Guideline for Suppliers" is to establish a common performance standard with our customers, employees and suppliers to ensure responsible business operations.

In respect of human rights, the following are enshrined in our sustainability guidelines:

1. Occupational safety and health protection
2. Working hours, social benefits and remuneration
3. Freedom of association

Items 1–3 have already been addressed under the criterion "*Employee rights*" (from page 25 onwards).

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 set out and described as part of the "*Equal opportunities*" criterion (page 28).

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.

Shipments to IPETRONIK must be deemed "DRC Conflict Free" (DRC = Democratic Republic of Congo) in accordance with SEC regulations; acceptance will be refused in cases of doubt.

We do not have a direct influence on the protection of human rights in all our business relationships. However, should the management board become aware that one of the company's business partners, customers or suppliers is exhibiting a disrespect for human rights, it will use all necessary means to remedy the situation, including terminating the business relationship where required.

Outlook

Suppliers will continue to be assigned a rating based on a self-declaration. As part of this, supplier approval will be granted in accordance with a predefined points system, which regulates the conditions for entering into a business relationship. Where a supplier does not obtain the required score or refuses to provide the self-declaration, supplier approval will no longer be granted until the specified criteria have been met.

COMMUNITY

We feel we have a particular responsibility to encourage societal and social developments, especially at regional level. We believe in diversity within our company and in equal opportunities.

Against this background, IPETRONIK views itself as an employer that provides young people, in particular, with interesting and promising prospects for the future. We offer training for a variety of technical and commercial professions, with the aim of hiring trainees as permanent employees once their training is complete. When selecting our trainees, we also give those who have already tried to establish themselves in another field a second chance, as we want them to be able to complete the right training for them.

Providing advancement for students is an issue that is also close to our hearts. We are therefore promoting academic exchange between education and industry by means of collaboration with universities and higher education institutions. We maintain contact with the specialist departments that provide students with a broad education in subjects relating to the automotive industry and its supplier industries. These include, for example, degree programs in information technology, measuring technology, engineering and refrigeration and air-conditioning. A significant portion of our innovative capacity stems from our efficient collaboration with higher education institutions. We work with students to design projects to enable them to write their bachelor- and masters-level dissertations.

Social engagement is, for us, a matter of course. We support social institutions, such as "Lebenshilfe". For example, we procure catering for company celebrations from inclusive organisation "Integra Mittelbaden GmbH".

Our trainees are introduced to the topic of inclusivity as early as their first year of training by completing a one-week internship at a Lebenshilfe social institution.

Furthermore, we very much encourage our employees to take part in voluntary activities.

We consider sponsorship and initiatives for regional development and for the development of local communities to be an important tool for fulfilling our social responsibilities. We support so-called Formula Student racing teams, for example, and offer the students technical support and advice to help them with challenging measuring tasks. We are happy to share our experience and help the student teams to collect all necessary measuring data from the vehicle bus networks and control units. As well as providing technical support, we are also happy to provide the teams with data loggers, analogue measuring modules and measuring software so that they are optimally equipped during their trial runs.

Achieving objectives

The plan was for the trainees to support the "Christmas in a shoebox" campaign as their social project for 2023, and this was implemented in the winter of 2022/2023.

Since 2023, our trainees have, once again, been regularly completing their social internships at the Lebenshilfe.

Outlook

Trainee internships at the Lebenshilfe are set to continue over the next few years.

The trainees from IPETRONIK were very moved by their visit to the food bank, where they saw first-hand the valuable work that the food bank volunteers do – so much so that they decided to support the food bank as a permanent social project. They are currently planning initiatives together with their training supervisors, in order to bring the project to life.

POLITICAL INFLUENCE

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 link 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.

We monitor compliance with our Code of Conduct in our relationships with our business partners, particularly in relation to the regulations on corruption, which apply without exception.

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 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.

Outlook

In 2024, we will remain committed to upholding all the best practices and principles set out here, as they represent our overall stance and our values. Our policy is to not make any donation or payments to political parties or any of the groups mentioned above, except within the social environment.

CONDUCT IN COMPLIANCE WITH LAWS AND REGULATIONS

Conduct that complies with laws and regulations is a fundamental requirement in order for our economic and social system to function. In order to achieve this, employees at all levels of our company receive the appropriate training. With the support of an external service provider, we have also established a system that checks the laws relevant to IPETRONIK for changes within a schedule of legal provisions and implements the necessary measures in the company.

Alongside proper compliance with laws and guidelines, this training informs employees that reporting misconduct has nothing to do with denigrating anyone; rather, it is every individual's duty in order for our economic and social system to function.

Every project and internal audit touches on compliance with laws and guidelines. In this way, we ensure that the topic is present in the mind of every employee.

Misconduct is usually reported to an employee's supervisor, or a supervisor in the next hierarchy level up. Where an employee does not wish to report in this way for personal reasons, a report may also be submitted via the compliance officer (compliance@ipetronik.com). This triggers an internal process, as part of which the confidential handling of the report is of utmost priority.

An external whistleblowing system called "SpeakUp" has also been established. This system and its functionality can be accessed via multiple channels, including our homepage. This system enables messages via an independent, third-party company.

Achieving objectives

We have introduced an automated training system. For the moment, it contains a limited training portfolio.

Outlook

Our aim is to develop the automated training system further to cover all company-relevant topics, in order to maintain and expand employee awareness of compliance with laws, guidelines and rules. We will continue to maintain the schedule of legal provisions on a regular basis.