

# Sustainability Report 2021

---

Long-term thinking.  
Responsible actions.



## CONTENTS

CONTENTS.....	2
STRATEGY.....	4
ECOLOGY.....	4
ECONOMY.....	5
SOCIAL RESPONSIBILITY.....	5
PRODUCT DEVELOPMENT.....	5
STAKEHOLDER ENGAGEMENT.....	5
ENVIRONMENTAL AND ENERGY OBJECTIVES.....	6
MATERIALITY.....	7
CORPORATE ENVIRONMENT.....	7
OUTLOOK.....	7
OBJECTIVES.....	8
LENGTH OF VALUE CHAIN.....	9
RESPONSIBILITY.....	10
RULES AND PROCESSES.....	11
OUTLOOK.....	11
MONITORING.....	12
INCENTIVE SCHEME.....	13
OBJECTIVE AGREEMENTS.....	13
ANNUAL EMPLOYEE APPRAISALS/DEVELOPMENT MEETING.....	13
PROFIT-SHARING SCHEME.....	13
BONUS FOR EMPLOYEE RECRUITMENT.....	14
STAKEHOLDER PARTICIPATION.....	15
DEFINITION OF STAKEHOLDER.....	15
KEY STAKEHOLDER GROUPS.....	15
OUTLOOK.....	16
INNOVATION AND PRODUCT MANAGEMENT.....	17
OUTLOOK.....	17
USE OF NATURAL RESOURCES.....	18
RESOURCE MANAGEMENT.....	19
OUTLOOK.....	19

CLIMATE-RELEVANT EMISSIONS .....	20
OUTLOOK .....	20
EMPLOYEE RIGHTS .....	21
LABOUR LAW, SOCIAL SECURITY LAW AND TAX LAW .....	21
BENEFITS .....	21
OCCUPATIONAL SAFETY/HEALTH PROTECTION .....	21
EDUCATION AND TRAINING .....	21
TRANSPARENT COMMUNICATION .....	21
OUTLOOK .....	22
EQUAL OPPORTUNITIES .....	23
OUTLOOK .....	23
QUALIFICATIONS .....	24
VOCATIONAL TRAINING – IN-HOUSE TRAINEES .....	24
OUR WORKPLACE TRAINEE ROLES: .....	24
OUR DUAL-STUDY COURSE IN COLLABORATION WITH THE DHBW IN KARLSRUHE:.....	24
SOCIAL PROJECTS.....	24
FURTHER PERSONAL EDUCATION/TRAINING/QUALIFICATIONS.....	25
SPECIALIST AND MANAGEMENT CAREER PATHS.....	25
OUTLOOK .....	25
HUMAN RIGHTS.....	26
OUTLOOK .....	27
COMMUNITY.....	28
OUTLOOK .....	28
POLITICAL INFLUENCE .....	29
OUTLOOK .....	29
CONDUCT IN COMPLIANCE WITH LAWS AND REGULATIONS.....	30
OUTLOOK .....	30

*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 is a comprehensive expert on signal conditioning, data acquisition, data logging and Big Data management for testing and measuring applications. Our signal conditioning modules attain industry-leading environmental classifications and are suitable for the harshest environments and conditions. Through the combination of our powerful data loggers, signal conditioning units, measuring software and a versatile cloud back end, we offer solutions for every testing scenario. We combine CAN, CAN-FD, LIN, FlexRay and Ethernet vehicle data via CCP, XCP, UDS, OBDII and J1939 using analogue sensors, video and audio signals. Our data loggers with IoT support enable remote live monitoring of measuring data for the utilised systems, along with over-the-air reconfiguration. Test benches and testing services for HVAC (E-) compressors and components, including acoustics, are also available: IPETRONIK has a wealth of experience in vehicle and test bench testing, climate acoustics, test bench development and thermal management.

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 included, 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 the section "Environmental and energy objectives" (p. 6).**

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 CO<sub>2</sub>-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, we took the decision to implement quality management systems. This included our process landscape and certified quality management in accordance with globally recognised standard DIN EN ISO 9001. 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 also 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 electricity consumption. In this regard, we have already begun switching to sustainable products that are durable, resource- and energy-efficient, and easy to repair. 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 do no harm to the environment.

## Stakeholder engagement

Through targeted engagement of our stakeholders, we are building long-term relationships based on trust. The main stakeholder groups with whom the company communicates include 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 a stakeholder.

The resulting relationship serves not only as a source of ideas, inspiration and innovation; it also fosters mutual understanding, while opening the door to other (strategic) collaborations and partnerships.

## 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 also climate-neutral, as we have offset the cumulative greenhouse gas emissions of our vehicle fleet in 2019 and 2020 by investing in environmental projects. Two electric vehicle charging stations were also installed on our company premises in 2021. 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 2022 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. Based on 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 defined objectives 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: internal 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.

Regular, annual audits of up to ten of our key suppliers allow us to secure and monitor the sustainability of the added value chain within procurement. The number of audits for new "A suppliers", for example, is based on sales or strategic importance. Deviations with respect to quality or delivery reliability also determine the audit frequency. In 2020, the "Sustainability" section was added to the list of audit questions. An assessment is made based on the supplier's CSR score. Once this score (either the overall score or individual sections) falls below 50 percent, the supplier in question – following consultation between QM and Purchasing – becomes an audit candidate.

## RESPONSIBILITY

Overall responsibility for the sustainability strategy, its objectives and implementation lies with the management board,

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.

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

Implementation in an integrated management system (IMS). The integrated management system at IPETRONIK complies with the standards ISO 9001, ISO 14001 and TISAX. As a result of the identical structure of the standards since the 2015 revision, standard requirements relating to risk assessment, setting objectives, achieving objectives and process descriptions, among others, can be compiled, implemented and fulfilled uniformly.

## 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. Successful environmental protection management certification in 2021 in accordance with ISO 14001 will serve to further bolster this process.

## INCENTIVE SCHEME

### Objective agreements

Objective agreements are carried out with managers and sales employees at the beginning of each financial year; these include both revenue-based and individual objectives. Revenue-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.

Managers' objective agreements are published so that staff can see what their managers are working on in the current financial year.

Review meetings are held quarterly between managers and their direct supervisors in order to determine the status of the objectives and to 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 respective direct supervisor will determine the extent to which the objectives have been achieved, based on the metrics agreed as part of the objective agreement.

### Annual employee appraisals/development meeting

IPETRONIK managers will conduct an employee appraisal/development meeting with their employees every year. The purpose of this is to review the past year and think about possible objectives for the new financial year.

The personal and professional development of the employee 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; this is recorded in the standardised meeting record for annual employee appraisals/development meetings.

A further aim of the employee appraisals is to discuss the topic of sustainability and agree sustainability objectives with the employees. For this purpose, appropriate additions have been made to the employee appraisal form to include sustainability topics.

After the meetings have been concluded, the signed meeting records are forwarded to Human Resources (HR) for evaluation. In case of any anomalies, the HR department will contact the relevant manager and clarify the facts.

### Profit-sharing scheme

Independent of bonuses for the achievement of objectives, all employees will receive a year-end bonus as part of the profit-sharing scheme, provided that the company has achieved its financial targets. 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.

In order to pay out this bonus, the recruiting employee must be named during the application process, the new employee must receive a permanent employment contract and the new employee must successfully complete their probationary period.

## 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

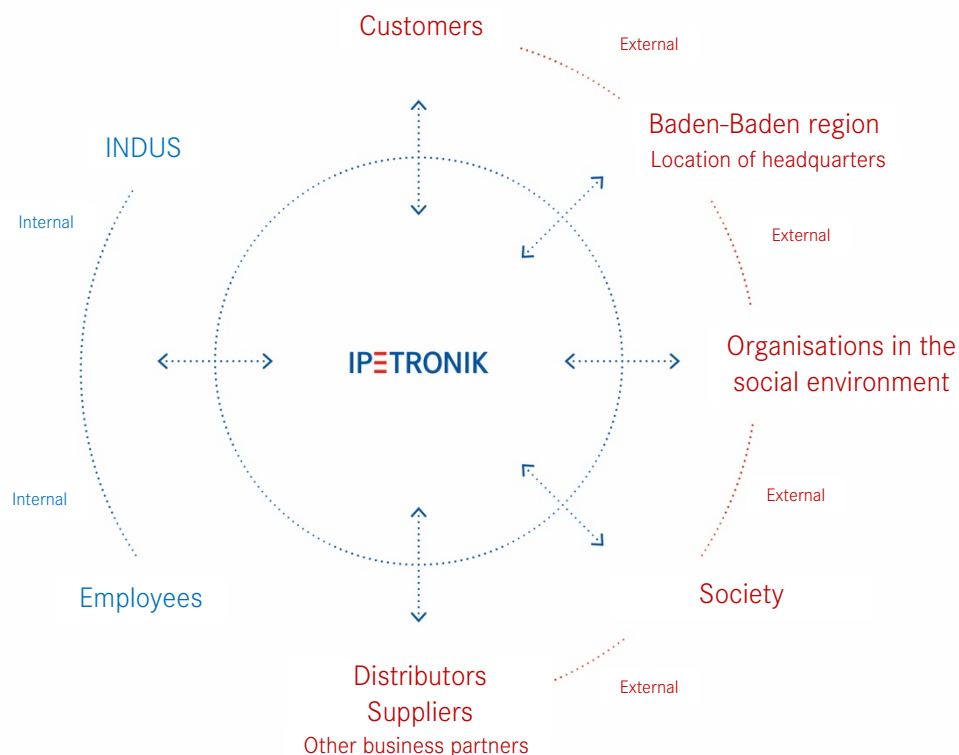
The main stakeholder groups with whom the company communicates as "internal" stakeholders include our parent company INDUS Holding AG and our employees. "External" stakeholders are customers, suppliers, distributors and the region of Baden-Baden in which we are headquartered, along with organisations that we support as part of social projects. We also consider society as a whole to be a stakeholder; as our mission statement goes:

The future of mobility depends on the intelligent use of energy resources.

We are convinced that our products, data and services form a key part of this future.

### Key stakeholder groups

*Click to enlarge:*



We communicate regularly with all stakeholder groups. To do so, we use a variety of means and channels of communication, from direct dialog 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. Conversely, IPETRONIK GmbH & Co. KG believes in an attractive working environment in which the development of personnel is actively promoted.

**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.

**Outlook**

In 2022, the stakeholder groups will be verified by the management board and senior management of IPETRONIK, "Management Group 1". Using a stakeholder matrix, stakeholders will be weighted in terms of the frequency of communication and communications planned accordingly.

Based on intensive communication, for example via regular personal contact, events, newsletters, PR, social media, reporting, this selection will be continually readjusted. The results will be incorporated into communications planning, including with our stakeholders.

## 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 a 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.

When selecting materials during the product development stages, we ensure that individual components are, for the most part, made of recyclable material.

Our products are primarily used in the automotive industry in order to develop and verify new drive technologies. Our aim is to foster innovative developments that can be combined with a more sustainable way of life. In this way, we are helping to further reduce CO2 emissions in mobility. Responsibility for an environmentally conscious, sustainable automotive industry lies with all stakeholders and begins with the development of new products.

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; together with production, we will implement a process in order to do this. 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 March 2021, IPETRONIK uses the following natural resources for its business operations:

	2018	2019	2020
Electricity in kWh	1,632,189	1,323,914	1,434,289
Thermal energy in kWh	244,371	229,399	240,579
Fuel			
Diesel (annual kilometres/litres)	744,369/54,915	837,663 / 67,799	437,743 / 35,630
Petrol (annual kilometres/litres)		543,589 / 45,557	333,252 / 30,373
	417,635/34,091		
CO2 emissions from flights in t	340.32	287.55	27.91
Area (offices, production, logistics) in m <sup>2</sup>	9,093	9,918	10,718

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.

In 2021, our sites at Baden-Baden, Bergkirchen and Düsseldorf, as well as our subsidiary IPETRONIK Eichstätt GmbH, are using exclusively green electricity.

### Climate-neutral vehicle fleet through CO2 reduction

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 in 2019, and again in 2020, we were able to offset the cumulative greenhouse gas emissions of our vehicle fleet. In 2021, we are supporting a safe water project in Gatsibo, Rwanda – for more information, visit the following link: [Trinkwasserbrunnenprojekt Gatsibo | Die KlimaManufaktur \(die-klimamanufaktur.de\)](#).



## 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 140,988 kWh in 2020.

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 "Skype" 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 significantly reduce our air miles compared with 2019 and will continue to pursue this goal. 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 m<sup>2</sup> 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.

## 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, a process is being integrated into the management system that records all consumption of energy and emission-generating substances. This data is regularly assessed. On the basis of this assessment, measures are adopted, the necessary resources allocated and a time schedule determined for implementation. Environmental audits are currently carried out on a regular basis, under the guidance of our parent company, INDUS Holding AG.

Since 2020, IPETRONIK has sourced green electricity for all its sites in Germany.

The vehicle fleet is gradually being converted to electric vehicles. CO2 certificates are being purchased in order to offset vehicles with combustion engines.

### Outlook

In 2021, we will complete our ISO 14001 (environment) certification, which had already been started previously. The certification process will be carried out by TÜV-Süd.

In accordance with EFFAS KPI E02-01, a 90% reduction in greenhouse gas emissions is to be achieved in 2021, with a total of 96t CO<sub>2</sub>-eq/€ million gross value added (IPETRONIK GmbH Co. KG and IPETRONIK Eichstätt GmbH) compared to the reference year 2019.

## 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 and 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.

In 2019, IPETRONIK introduced a pension scheme that regulates the issue of company pensions.

### 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.

### 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 practice 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 townhalls.

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

## Outlook

An employee survey is planned for 2021; this will also include a psychological risk assessment. Based on the results of the survey, measures will be determined and implemented. These surveys are to be conducted regularly in order to further optimise the work environment for our employees.

## EQUAL OPPORTUNITIES

As also set out in our Code of Conduct, we respect the dignity and personality of all persons. 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 gives 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.

### Outlook

Over the next 5 years, our aim is to increase the number of female specialist staff. A strategy for this still needs to be developed. An initial step – specifically work with universities and cooperative universities – has already been taken. Another approach could be to participate in initiatives such as a "Girls' day".



## 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.

### Social projects

Alongside vocational training, the personal development of the young people in our care is also important to us. For this reason, our trainees complete a one-week internship at a social organisation, "Lebenshilfe". Following the internship, they will have the opportunity to complete a voluntary placement at a later date.

### 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. Even where these conditions are met, the individual need for such training is determined, for example, from the annual employee appraisal.

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, alongside the classic management career path, also includes development as a specialist/expert. This concept also incorporates both sales-oriented and project management career paths.

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.

## Outlook

The design and launch of a continued development program for specialists and managers is planned for 2021. The aim of this is to provide both the opportunity to pursue a traditional management career as well as that of a specialist.

## 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*" (page 21).

4. Free choice of workplace

All types of forced labour are not tolerated by IPETRONIK. The free choice of workplace is fundamentally respected. All types of forced or compulsory labour are prohibited. 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*" criterium (pages 23 and 28).

7. Handling conflict minerals

IPETRONIK urges its suppliers to be constantly aware 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. 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

In the future, suppliers will 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. We want to give them the opportunity to complete the training that is right 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.

## Outlook

In 2021, the apprentices plan to support the "Christmas in a shoebox" campaign as their social project.

## 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.

### Outlook

In 2021, we continue to adhere to the stances and principles as set out in this section, which represent our fundamental position and 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.

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](mailto: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.

### Outlook

In order to ensure conduct that is compliant with laws and directives, a new schedule of legal provisions, based on a legal database, is planned for 2021. Using this schedule, changes to laws and provisions can be automatically monitored. The specialist departments will review and assess any new additions and changes and ensure that they are implemented within the company.