

SUSTAINABILITY REPORT

# 2024

**GEARing up for  
Sustainability**

**IMS:GEAR**

# Foreword

Dear Readers,

In order to reflect the high priority we place on sustainability within our company, we developed a sustainability strategy for IMS Gear back in 2022. And this roadmap proves that we have achieved important milestones on our holistic path to sustainability in 2024.

One of these milestones was the revision of the materiality analysis in accordance with CSRD, which we had already prepared in line with the ESRS, even though the legal reporting requirement does not take effect until the 2027 fiscal year. With this early form of reporting, we want to document that we are consistently pursuing the sustainability path we have chosen.

In 2024, we also initiated the update of our vision and strategy for our company. We review and revise this catalog of goals every ten years. Sustainability plays a particularly important role here as a touchstone and target. As a family-owned company, we have been committed to long-term, sustainable success in the spirit of sustainable development.

We believe that economic success goes hand in hand with ecological and social thinking and action. The careful, environmentally conscious use of finite resources and the respectful treatment of our employees, partners, customers, and suppliers are among the cornerstones of IMS Gear.

In a holistic sense, sustainability must apply to all products, processes, the entire organization, and the culture of a company. As the Executive Board, we see ourselves as drivers of this issue at IMS Gear and have initiated an internal shift toward even greater awareness of sustainability. This attitude is to be consolidated in the long term. Only with a common understanding and the combined efforts of all those involved can we make a substantial contribution to sustainable development and fulfill our responsibility as a company.

In the wake of climate change, sustainable business practices are becoming increasingly important, but they also pose major challenges in a highly dynamic and competitive market environment characterized by upheaval.

and competitive market environment. IMS Gear is rising to these challenges.

This report outlines the milestones we have achieved in 2024 on our path to sustainability. We hope you find it informative.

IMS Gear SE & Co. KGaA

Your Executive Board

Bernd Schilling | Aleš Stárek



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# General Information

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# General Disclosures

## Basis for preparing the sustainability report

Our goal was to prepare the Sustainability Report 2024 based on the ESRS standard and to meet as many requirements as possible before they become mandatory. All information in this report refers to the entire scope of consolidation of the IMS Gear Group's consolidated financial statements. It was prepared on the same consolidated basis as the 2024 annual financial statements. Only the environmental indicators do not include the sales locations in Japan and South Korea. The upstream and downstream value chain was taken into account in the materiality assessment. As described on page 8, we have made restrictions regarding the scope of the upstream and downstream value chain.

We do not make use of the option to omit upcoming developments, intellectual property, know-how, or results of innovations in the sustainability statement.

Our sustainability reporting is generally based on the defined time horizons of the ESRS Standards.

Accordingly, the short-term time horizon is set at one year, the medium-term at two to five years, and the long-term at more than five years. There are deviations with regard to climate risk analysis. Here, we consider the time horizons to be medium-term until 2030 and long-term until 2050.

The list of disclosure requirements required by ESRS 2 IRO-2 is provided in the annex "Index of disclosure requirements". The ESRS 2 GOV-4 statement on due diligence can also be found in the annex.

This is the third voluntary sustainability report of IMS Gear SE & Co. KGaA. Unlike previous reports, we have prepared this report voluntarily in accordance with the European requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

However, we also meet the requirements of the GRI Standard 2021. The GRI index is published in a separate appendix. The reporting period for all qualitative statements and quantitative indicators is from January 1, 2024, to December 31, 2024.

Significant events that occurred between January 1, 2025, and the date of publication have been included in the sustainability statement.

## Changes compared to our previous report:

- Revision of the double materiality analysis, including stakeholder analysis with identification of the significant impacts, opportunities, and risks in the upstream and downstream value chain, as defined by us.
- New disclosures and key figures as required by the ESRS.
- Addition of a climate risk and resilience analysis.

As an international company, equality, diversity, openness, and respect are among the core beliefs and values of IMS Gear. All terms used naturally include all genders and gender identities equally. For reasons of better readability, we occasionally use compound terms, whereby all genders and identities are expressly included.



# Strategy, Business Model and Value Chain

**IMS Gear is one of the leading companies in the sector for gear and drive technology, operating internationally, serving as a partner to global customers, and consistently innovating.**

With our gears and other technical parts made of metal, plastic or metal/plastic combinations, assemblies and gearboxes (standardised or customised), we are an established player in the automotive sector. In-depth expertise in development, a diverse range of products,

knowledge of various processes, and internationalization are key factors contributing to our success. Add to that is a mature corporate culture that emphasizes working together at every level.

IMS Gear manufactures products in its markets for those specific markets. From Germany, we supply the EU market. From the US and Mexico, we deliver to the American market, and from China, we supply the Asian market. We also have sales offices in Japan and South Korea.

We take working closely with our customers literally. Whether in North America, the Far East, or Europe, we have production facilities in important markets and can begin producing new products at any of those locations quickly. This ability stems from the consistent standardization of our processes. We can transfer entire lines of production to other locations without spending time and effort on retooling. In Germany, we develop, validate, and optimize our processes and produce our own tools.



Besides our focus on the automotive industry, which accounts for roughly 90 % of our total revenue, we concentrate on industrial applications and e-mobility concepts. The modularity of components in our planetary gearboxes (PLG) play a key role in those last two sectors in particular. In the automotive sector, we serve the seating, braking, closing, powertrain, and steering application fields. We also operate a hardening shop.

After generating roughly EUR 591 million in revenue in the previous year, IMS Gear achieved sales of EUR 578 million in 2024.

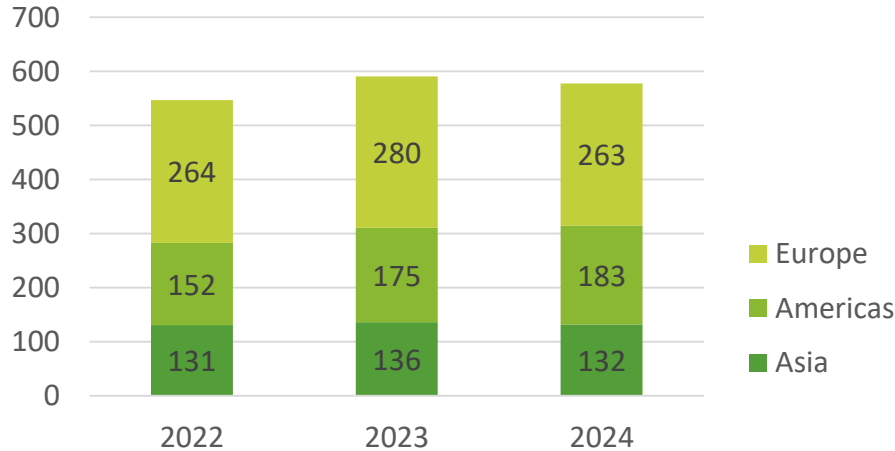
IMS Gear currently employs approximately 3,000 people worldwide, 1,600 of them in Germany, 800 in North America and 600 in China.

To ensure its business operations, IMS Gear has an extensive value chain, which is described in more detail below.

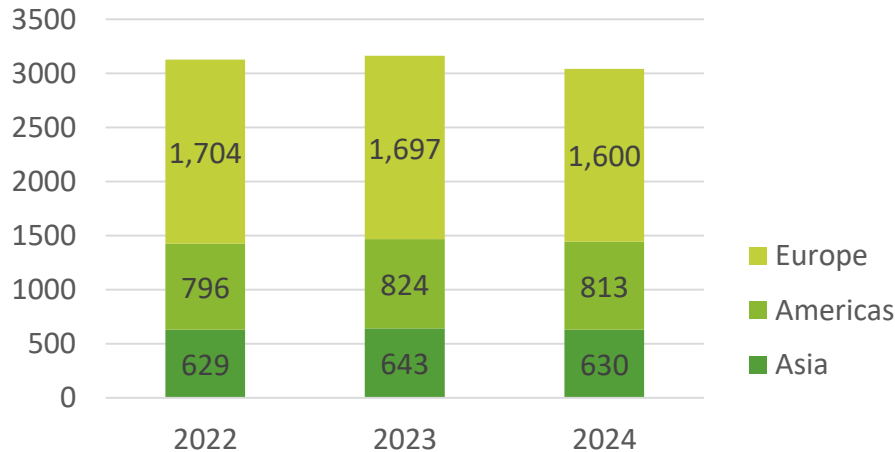


IMS Gear plant in Villingen-Schwenningen

Sales IMS Gear Group  
in EUR million/year



Associates IMS Gear Group  
Headcount



### Upstream value chain

Our upstream value chain extends from raw material extraction to the manufacture of purchased parts and raw materials by our suppliers. For the materiality analysis, we focused on the procurement of production materials, non-production materials, and services from our direct suppliers. Due to the size of our company and our small market share in the raw materials sector, we did not take indirect suppliers and thus raw material extraction into account.

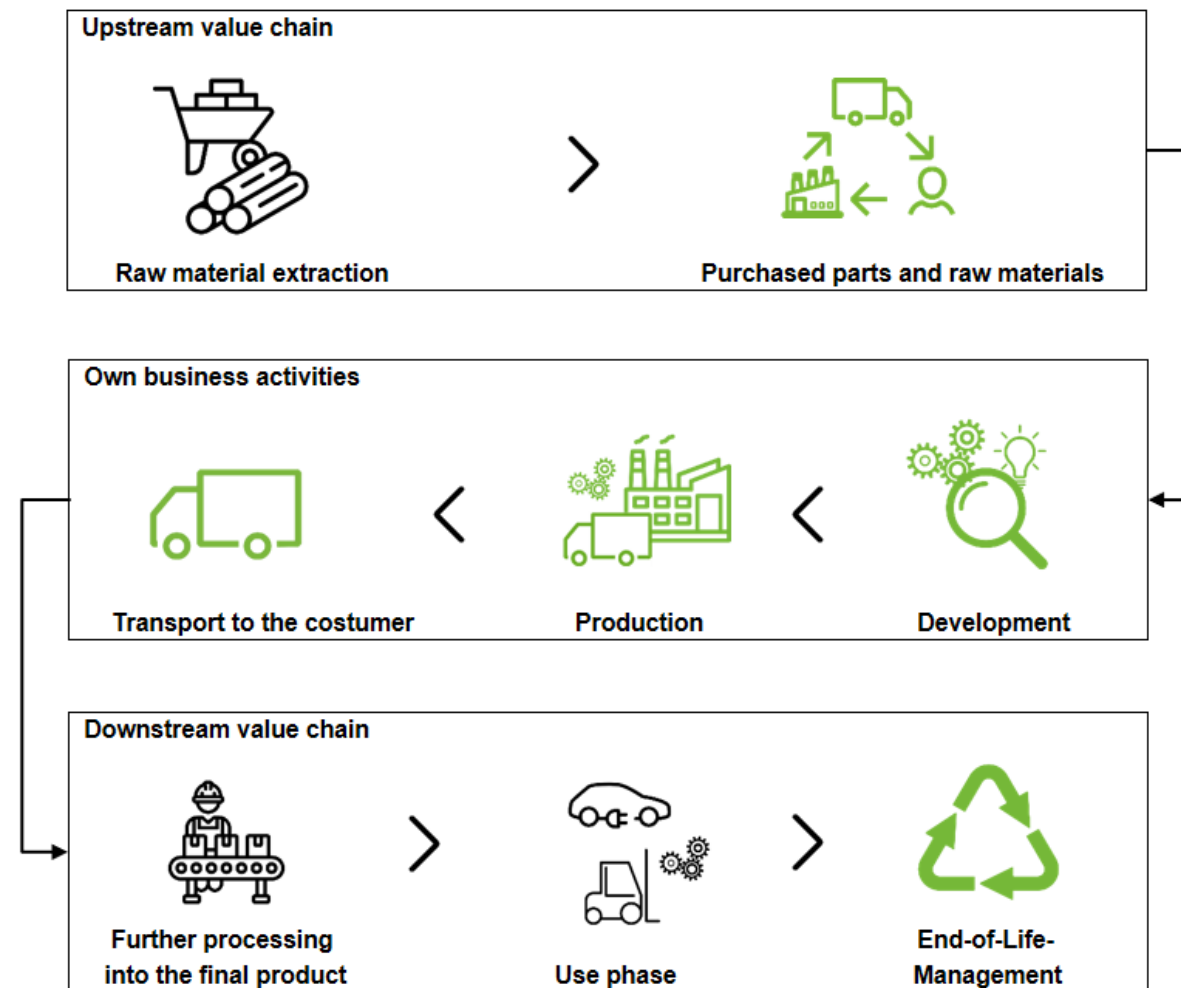
### Own business activities

Our business activities include all internal processes and employees of IMS Gear, from product development to the shipment of our products, insofar as this has been commissioned by us. The entire scope of consolidation was taken into account in the materiality analysis.

### Downstream value chain

The downstream value chain encompasses the further processing of our products by our customers and their end customers, the use phase, and ultimately end-of-life management. The materiality analysis only took end-of-life management into account in terms of recyclability and disposal processes. As a supplier of components and assemblies, we have no significant influence on processing by our customers or on the use phase.

### Value Chain IMS Gear





# Stakeholder

Stakeholder management is an important part of our sustainability management, as it enables us to understand and take into account the needs and expectations of our stakeholders.

In order to understand our stakeholders as well as possible and to make their needs the benchmark for our activities, we maintain a continuous dialogue with all

stakeholder groups. Only through a cooperative and intensive exchange with them can we align our commitment in such a way that it meets their expectations and at the same time has maximum impact.

Below is an overview of our stakeholders and how we interact and communicate with them. We have defined the following as affected stakeholders: shareholders, customers, suppliers,

and employees. We have assessed their interests with the help of surveys, customer requirements, and our supplier platform, and have taken them into account when evaluating the material topics.

Through our reporting, we make the commitment of IMS Gear transparent and available to all stakeholders.

Affected stakeholders				Users of sustainability reports				
Shareholder	Customers	Employees	Suppliers	Financial Institutions	Policymakers	Civil society and local stakeholders	Educational institutions	Networks and associations
<ul style="list-style-type: none"><li>• Supervisory Board meetings</li><li>• Annual General Meeting</li><li>• Personal exchange</li></ul>	<ul style="list-style-type: none"><li>• Direct contact with customers through our sales department</li><li>• Customer portals</li><li>• Supplier surveys from customer</li><li>• Workshops</li><li>• Co-Engineering</li></ul>	<ul style="list-style-type: none"><li>• Employees surveys</li><li>• IMS.dialogue yearly appraisal</li><li>• CEO all-employee talks</li><li>• Quarterly meetings</li><li>• Yearly Information Meeting</li></ul>	<ul style="list-style-type: none"><li>• Direct contact with suppliers through purchasing function</li><li>• Supplier self-assessment</li><li>• Supplier surveys</li><li>• Supplier evaluation</li><li>• Supplier platform</li></ul>	<ul style="list-style-type: none"><li>• Direct contact</li><li>• Meetings</li><li>• Loan negotiations</li><li>• Reporting</li></ul>	<ul style="list-style-type: none"><li>• Direct contact with government departments through dialogue</li><li>• Requests and inspections</li></ul>	<ul style="list-style-type: none"><li>• Direct contact with NGOs</li><li>• Training opportunities</li><li>• Press conferences</li></ul>	<ul style="list-style-type: none"><li>• Direct contact with high schools/universities</li><li>• Fairs</li><li>• Project-related research work</li></ul>	<ul style="list-style-type: none"><li>• Participation in chambers of commerce</li><li>• Forums and events</li><li>• Memberships of initiatives and associations</li></ul>

# Governance

Since it was founded in 1863, IMS Gear has been family owned and operated and can look back on successful growth as a company. The collaboration between the Executive Board and Supervisory Board in a spirit of trust and clear separation of responsibilities for corporate management and oversight, are the unequivocal cornerstones of the corporate governance structures at IMS Gear. The company's ownership structure is as follows:

59.134 % held by MZM Holding GmbH

1.533 % held by SZM Vermögensverwaltungs GmbH

39.333 % held by BWK GmbH

Unternehmensbeteiligungsgesellschaft

## Executive Board

IMS Gear Management SE is the general partner in IMS Gear SE & Co. KGaA. Represented by its managing Directors, it runs the business conducted by IMS Gear SE & Co. KGaA. As of December 31, 2024, the management consisted of three members of the Executive Board: Mr. Wolfgang Weber, Mr. Bernd Schilling, and Mr. Aleš Stárek. This means that the proportion of women on the Executive Board is 0 %.

The Sustainability Team informs the Management Board at regular meetings about sustainability-related expertise, potential legislative proposals, and new regulations.

## Supervisory Board

The Supervisory Board of IMS Gear SE & Co. KGaA oversees IMS Gear Management SE as it runs the business conducted by IMS Gear SE & Co. KGaA. It consists of four shareholder representatives and two employee representatives. The proportion of women is also 0 % here.

The Supervisory Board of IMS Gear Management SE appoints the members of the Executive Board of IMS Gear Management SE and oversees the Executive Board as it runs the business conducted by IMS Gear Management SE and IMS Gear SE & Co. KGaA.

## Sustainability management

Sustainability management is an important aspect for any company that wants to act responsibly and sustainably. For IMS Gear, it means that we not only pursue our economic goals, but also take into account the social and

environmental consequences of our activities. In doing so, we are guided by the applicable laws and the expectations of our stakeholders. Sustainability management enables us to reduce risks, exploit opportunities and make a contribution to sustainable development. Sustainability must be consciously driven forward and professionally managed. This is based on concrete values, measurable goals, realistic deadlines, clear areas of responsibility, and intensive teamwork. For this reason, we created the position of Director Sustainability in 2022.

The Director is responsible for sustainability management, in particular for the creation of concepts for further development, the key figures and their target tracking as well as the sustainability report. The EcoVadis rating was defined as a KPI to measure the sustainability performance of the company as a whole. In 2024, we already achieved our goal for 2025 ahead of schedule with 70 points and a silver medal. Last year, we were still at 62 points. We also report on the CDP and NQC platforms.

Sustainability organization

The Executive Board, together with the Strategy Field Responsible, the Vice President Industrial Engineering, who is responsible for sustainability, and the Director Sustainability, form the highest management body for sustainability. The Strategy Field Responsible are



Managers from sustainability-related departments and selected internationally. This gives us an international, interdisciplinary team that covers all areas of expertise in sustainability and acts on behalf of the company. This committee drives the continuous development of IMS Gear in terms of sustainability, establishes targets and conducts management reviews for sustainability issues. This exchange takes place annually. The Executive Board and the sustainability department are in regular contact to discuss progress and critical issues in the area of Sustainability. The Vice President of Human Resources is responsible for internal and external communication. The specialist managers in the central and business divisions are responsible for implementing the sustainability strategy worldwide and monitoring the achievement of targets. To this end, key figures are collected on a quarterly basis and the necessary measures are taken.

Sustainability in the remuneration

Currently, no sustainability-related performance is included in our incentive systems. The incentive systems relate exclusively to financial key figures.

Risk management and internal controls for sustainability reporting

The risks associated with IMS Gear's sustainability reporting include material errors due to human error or incomplete or inaccurate data. To ensure that the information disclosed is accurate and timely, we have defined the roles and responsibilities in sustainability reporting. Processes have been established and the determination of key figures has been precisely defined.

The need to integrate software is currently being reviewed.

Sustainability risks were taken into account in the materiality assessment. A climate risk and resilience analysis was also carried out.

Human rights and environmental risks in accordance with the Supply Chain Due Diligence Act (LkSG) were assessed with the support of specialized software. The supply chain was included in the climate risk analysis.

# Sustainability Strategy

A comprehensive revision of the current sustainability strategy was due in 2024. The implementation of the Corporate Sustainability Reporting Directive (CSRD) with its double materiality analysis was a main focus. The target was to produce a sustainability report in line with the ESRS standard by 2024. As part of the materiality analysis, the material impacts, risks, and opportunities (IROs) for IMS Gear were assessed in the ESRS topics for the 2024 reporting year.

## Double materiality approach

The analysis was carried out in accordance with the CSRD and ESRS guidelines in a multi-stage process. It is based on the principle of double materiality, according to which an issue is material if IMS Gear's business activities have a significant impact on the environment and people, or if sustainability-related risks and opportunities could significantly influence IMS Gear's financial results. Under the operational responsibility of the Sustainability Department, IMS Gear's opportunities, risks, and impacts were identified and assessed. The assessment was carried out in collaboration between the sustainability team and the Strategy Field Responsible (technical experts). The topics

were classified using a standardized, quantified rating scale. The assessment was based on a comprehensive climate risk and resilience analysis, findings from the environmental management system, analyses of the water stress indices of the sites, and the risk analysis of the Supply Chain Due Diligence Act.

An annual review of the results of the materiality analysis is planned for the future.

## Our process steps:

### - Definition of the scope and integration of stakeholder interests

First, we defined our influenceable value chain, the scope of consolidation, and our relevant stakeholders. These stakeholders were then involved through surveys, evaluation of diverse customer requirements, or via the supplier platform.

### - Identification of possible topics (applicability) and their impacts, risks, and opportunities

First, the topics were narrowed down based on their applicability. The remaining list of 10 topics, which in

turn consisted of 53 sub-topics, formed the basis for the materiality analysis. No company-specific topics were added. This was the basis for collecting possible negative and positive impacts, risks, and opportunities. These were categorized according to their impact period as short-term (<1 year), medium-term (1-5 years), and long-term (>5 years). The results of the materiality analysis conducted to date were also incorporated.

### - Assessment of impacts, risks, and opportunities

A rating scale from 1 to 4 was established to assess the impacts. For impacts, the average value was determined from the factors of scale, scope, and irreversibility (for negative impacts). A distinction was also made between actual and potential impacts. For potential impacts, the probability of occurrence was also taken into account. For financial materiality, a rating scale of 1-4 was established based on risk management. An average value was then calculated from the factors "financial performance" and probability of occurrence.

- **Consolidation of results and determination of thresholds**  
In accordance with the requirements of the ESRS, a materiality threshold was set for both the impact and financial materiality after completion of the assessment phase. The results were compiled in a materiality matrix.
- **Validation and approval by the Executive Board**  
Finally, the topics were summarized in 14 action fields. These were assigned to the strategy areas of environment, social, and governance (see figure). A responsible person was also

designated for each action field. The final list of material sustainability topics was approved by the Executive Board of IMS Gear.

- **Derivation of reporting topics**  
For the reporting year, five of the ten topics considered were identified as material in the double materiality analysis, with a total of 25 sub-subtopics. The material impacts, opportunities, and risks and their relationship to the strategy and business model can be found at the beginning of each topic ESRS E1 Climate change, E2 Pollution, E5 Resource use and circular economy,

S1 Own workforce, G1 Business conduct. We then described the strategies, measures, and key figures for each action field.

**Topic-specific features in the identification and assessment of impacts, risks, and opportunities:**

Climate change (ESRS E1)

In order to assess our impact on climate change, we record the greenhouse gas emissions from our own production. In addition, we conducted a climate risk analysis in this context during the reporting year. This analysis is described under E1 Climate Change.

Pollution (ESRS E2)

All our production sites maintain an ISO 14001-certified environmental management system. This ensures that environmental risks, opportunities, and impacts are adequately taken into account. An evaluation of the risks and opportunities identified as part of environmental management showed that IMS Gear has no significant impact on soil, air, or water pollution, excluding GHG emissions, which are considered under E1 Climate Change.

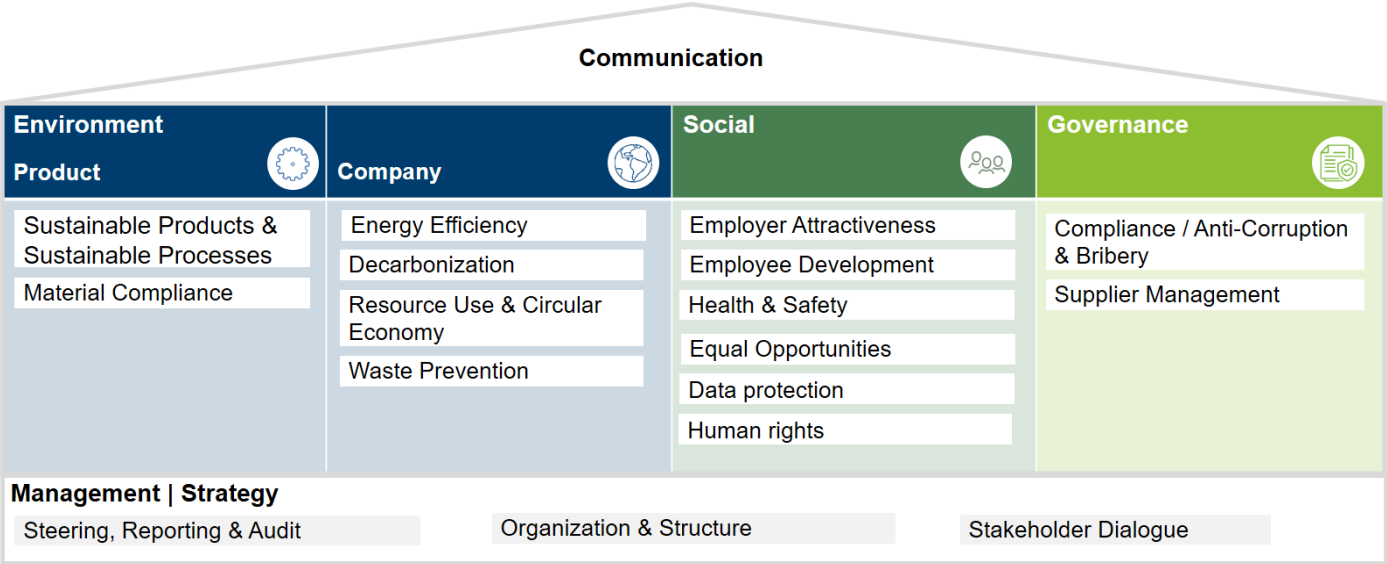


figure: Structure of action fields

### Water and marine resources (ESRS E3)

We measure our water consumption and have assessed our sites for water stress using the Aqueduct Water Risk Atlas. This formed the basis for the assessment in the materiality analysis. As we do not have any water-intensive production processes, the issue of water was not classified as material. Our direct suppliers are also committed to conserving resources through the Code of Conduct for Suppliers.

### Biodiversity and ecosystems (ESRS E4)

Our European production sites are not located in any Natura 2000 protected areas. Our other sites are also not located near nature reserves. Therefore, apart from the greenhouse gas emissions covered in E1 - Climate Protection, we have no significant impact on biodiversity and species diversity.

### Resource use and circular economy (ESRS E5)

As part of the materiality analysis, we identified and assessed the actual and potential impacts, risks, and opportunities of our business activities with regard to resource inflows, resource outflows, and waste. Experts from the fields of research and development as well as environmental and energy management were involved in this process.

### Business conduct (ESRS G1)

Compliance with laws, guidelines, and internal company regulations is an integral part of our value-oriented corporate culture. This approach is reflected in various processes, guidelines, and considerations which were taken into account when identifying the significant impacts, risks, and opportunities related to corporate governance.

When determining the actual and potential impacts, risks, and opportunities related to the management of relationships with direct suppliers, we drew on existing knowledge from purchasing processes and regulations regarding supplier selection, supplier development, and supplier management by involving the responsible department.

### List of material topics for IMS Gear in 2024:

- 1 E1 - Climate change adaption
- 2 E1 - Climate change mitigation
- 3 E1 - Energy
- 4 E2 - Substances of concern
- 5 E2 - Substances of very high concern
- 6 E5 - Resources inflows, including resource use
- 7 E5 - Resource outflows related to products and services
- 8 E5 - Waste
- 9 S1 - Social dialogue
- 10 S1 - Secure employment
- 11 S1 - Adequate wages
- 12 S1 - Working times
- 13 S1 - Collective bargaining
- 14 S1 - Work-life balance
- 15 S1 - Health and safety
- 16 S1 - Gender Equality and equal pay for work of equal value
- 17 S1 - Training and skills development
- 18 S1 - Child labour
- 19 S1 - Forced labour
- 20 S1 - Privacy
- 21 S1 - Measures against violence and harassment in the workplace
- 22 G1 - Corporate Culture
- 23 G1 - Protection of whistleblower
- 24 G1 - Corruption and bribery
- 25 G1 - Management of relationships with suppliers



# Environmental Information

## ESRS E1 Climate Change

- E1 -1 Transition plan for climate change mitigation
- SBM-3
- E1- 2 Policies related to climate change mitigation and adaptation
- E1-3 Actions and resources in relation to climate change policies
- E1-4 Targets related to climate change mitigation and adaptation
- E1-5 Energy consumption and mix
- E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

## ESRS E2 Pollution

- E2-1 Policies related to pollution
- E2-2 Actions and resources related to pollution
- E2-3 Targets related to pollution
- E2-5 Substances of concern and substances of very high concern

## ESRS E5 Resource use and circular economy

- E5-1 Policies related to resource use and circular economy
- E5-2 Actions and resources related to resource use and circular economy
- E5-3 Targets related to resource use and circular economy
- E5-4 Resource inflows
- E5-5 Resource outflows

# E1 - Climate Change

Topic		Value Chain			Time horizon		
		<	✓	>	●○○	●●○	●●●
Climate change mitigation	Greenhouse gas emissions in our own business		x		x	x	x
	Greenhouse gas emissions/energy consumption in our upstream value chain	x				x	x
Energy	Energy consumption in our own production (electricity, gas, oil, fuels)		x		x	x	x

< upstream VC    ✓ own production    > downstream VC    ●○○ short-term    ●●○ medium-term    ●●● long-term

The topic of climate change was defined as material for IMS Gear in the materiality analysis conducted in 2024. A climate risk and resilience analysis was also carried out, which is described in more detail on the following page.

### Impacts and risks related to climate protection

Greenhouse gas emissions from our own production were identified as an actual negative impact and classified as material. Greenhouse gas emissions and energy consumption in our upstream value chain were also classified as material.

Legal regulations and customer requirements increase the need to reduce greenhouse gas emissions in the value chain. Comprehensive identification, accurate measurement, and reduction of climate impacts are more difficult in the value chain than in the company's own operations. This has been classified as a potential risk. Physical climate risks also represent a potential financial risk.

→ Action fields: Decarbonization

### Impact in relation to energy

Energy consumption in our own production and the associated consumption of finite resources was identified as an actual negative impact in the materiality analysis and classified as significant. At IMS Gear, energy consumption includes the consumption of electricity, gas, oil, and fuels.

→ Action fields: Energy efficiency

## Climate risk and resilience analysis

IMS Gear conducted a detailed climate risk and resilience analysis in 2024. This analysis considered both the physical and transitory risks that may arise from climate change.

Physical risks are those that pose a threat to people, assets, or the maintenance of supply chains due to extreme weather events, for example. Transitory risks arise from the transition to a decarbonized economy and may be caused, for example, by changes in regulatory requirements or customer behavior in response to climate change. The climate risk analysis covered the medium term up to 2030 and the long term up to 2050.

### Physical climate risks

Physical climate hazards are divided into two categories: "chronic" and "acute." Chronic climate hazards are those that can cause long-term damage over an extended period of time, such as changes in wind patterns, ocean acidification, or sea level rise. Acute physical climate hazards are characterized by sudden occurrence and short-term effects. These include storms, typhoons, heat waves, and forest and wildfires.

As part of the climate risk analysis, all IMS Gear production sites were reviewed to determine the extent to which they could be affected by the climate hazards listed in the ESRS

(Delegated Regulation (EU) 2021/2139). A risk assessment of the supply chain was also carried out for purchased materials with a correspondingly high relevance. In addition to the current scenario, the pessimistic SSP5-RCP8.5 scenario of the IPCC (Intergovernmental Panel on Climate Change) was used as a basis for the assessment. This scenario assumes that the climate target of a maximum global warming of 1.5°C will be significantly exceeded and assumes a temperature increase of between 3.2°C and 5.4°C by the end of the century. This very pessimistic scenario was included based on the following consideration: if the physical risks for the production sites are manageable in a worst-case scenario, this will also be the case in less extreme scenarios.

The assessment of the individual climate risks for each location was carried out on the basis of freely available information and with the inclusion of further information from our business partners. In addition, specialist departments and site managers were involved in the process. Based on the results for the scenarios considered, an assessment was made for the potentially relevant climate risks as to whether adaptation solutions are already in place to a sufficient extent or still need to be included in further planning.

## Transitory climate risks

Transitory risks are divided into the areas of politics and law, technology, market, and reputation and result from the social changes arising from climate change.

### Politics and regulation

Political and legal risks arise from rapidly changing regulatory requirements, which are costly and time-consuming to adapt. Not only must issues such as energy and CO<sub>2</sub>-emissions be considered, but also the challenges posed by the necessary substitution of substances that may be banned in the future. The aim here is to find technically equivalent solutions that meet future regulatory requirements with regard to prohibited substances or required recycling quotas.

### Technology

The rapid development of new technologies such as electromobility and autonomous driving requires suppliers to adapt quickly and invest in new technologies. It is also important to make the right investment decisions today so that capital goods such as heating systems and hardening furnaces can continue to be used in the long term, even against the backdrop of a decarbonized economy.

## Market

The changing market requirements resulting from changing customer behavior give rise to another transitional risk: Against the backdrop of climate change, customer behavior may change more rapidly and more drastically than would be the case under normal circumstances. Furthermore, there is a risk associated with the supply of renewable energy sources, such as green hydrogen and green electricity, as to whether these will be available in sufficient quantities and at competitive prices in the future.

## Reputation

If no or only half-hearted steps are taken towards sustainable business practices and climate protection, there is a risk that the company's reputation will be damaged. In this context, it is therefore important to take sufficient account of the potential climate risks that could affect the functioning of supply chains in strategic considerations so that IMS Gear continues to be perceived as a reliable business partner despite increasing physical climate risks.

IMS Gear is addressing these transitional challenges by continuing to implement the sustainability strategy it has developed over the past few years, in which climate protection is firmly anchored. In addition, an interdisciplinary project team is working intensively on which strategies and business areas will be important for IMS Gear in 2050 in view of the rapidly changing conditions. In the shorter term, it is fundamentally positive that IMS Gear's product portfolio is largely independent of combustion engines and that solutions have already been developed in the past that are indispensable for e-mobility.



# Decarbonization

## Adaption strategies

### Climate protection

The first step toward achieving CO<sub>2</sub>-neutrality in our own business is to increase energy efficiency and, as a result, reduce energy consumption. The second step, where technically possible, is to gradually switch to CO<sub>2</sub>-neutral energies, such as electricity from renewable sources, in parallel with energy efficiency measures. Where technically and economically feasible, systems that currently still run on fossil fuels will be gradually converted to electrically heated systems. One of the challenges that will need to be addressed in the future as technology advances is the extent to which hardening processes currently powered by fossil gases can be converted to CO<sub>2</sub>-neutral heating and process gases.

### Climate change adaption

The IMS Gear product portfolio can be roughly divided into the areas of automotive, light mobility (e.g. drive components for e-bikes), and industrial applications from our modular planetary gearbox system.

In the automotive sector, which accounts for the largest share of sales, IMS Gear's products are largely independent of the drive technology used in the car. Rather, many products, especially in the fields of brakes and steering, are essential for the construction of electric vehicles, so that no negative effects on the automotive business are to be expected due to climate-related increases in the share of electric vehicles in the overall market.

In the electrically powered light mobility segment, the market environment is expected to remain stable against the backdrop of the climate-driven shift toward electric mobility.

No significant change in sales volumes is expected for the industrial applications of our planetary gearboxes as a result of climate change. In line with our long-term sustainable business strategy, business models are being tested in this division that minimize resource consumption by pursuing a consistent circular economy.

We are responding to our customers' demands for CO<sub>2</sub>-free production by proactively implementing our decarbonization strategy in our own business areas (Scope 1 & 2). In the automotive business in particular, a switch to CO<sub>2</sub>-reduced or neutral raw materials, such as plastic granulates, can only be made in close consultation with customers, as any changes to the materials used require extensive validation. In view of this, we see the decarbonization of the supply chain as a major challenge that must be mastered together with our business partners.

### GHG emission reduction target

IMS Gear's target is to be CO<sub>2</sub>-neutral in its own business processes (Scope 1 & 2) by 2035. In the supply chain (Scope 3 upstream), the target year for CO<sub>2</sub>-neutrality is 2040. When setting our targets, we have been guided by both the expectations of our customers and the guidelines of the Science Based Targets Initiative (SBTi) for compliance with the climate targets of the Paris Climate Agreement. However, we have not yet joined the SBTi.



As a supplier of components that are integrated into further systems by our customers, IMS Gear follows the "gradle to gate" approach and determines the Scope 3 emissions of the upstream value chain accordingly. IMS Gear cannot provide any information on CO<sub>2</sub>-emissions of the delivered components during further processing and use phase, as this can only be determined in connection with the overall systems in which IMS Gear components are installed. Consequently, it is not possible to set targets for downstream Scope 3 emissions.

### **Decarbonization levers in our own business Scope 1 & 2**

The base year for CO<sub>2</sub>-emissions was set as 2021. In that year, over 90 % of CO<sub>2</sub>-emissions from our own business activities were generated through the purchase of electrical energy and are reported accordingly under Scope 2. The direct emissions reported under Scope 1 are mainly distributed across the areas of hardening, fossil fuel-powered heating in production plants, and fuel consumption by company vehicles.

#### **Decarbonization levers Scope 1**

Reducing direct emissions (Scope 1) is currently challenging from both a technical and economic

perspective, depending on the area in which they arise. The core question is whether heating systems currently powered by fossil fuels can be converted to green electricity in the future or whether renewable fuels such as green hydrogen can be used.

#### **Hardening**

As the largest producer of Scope 1 emissions, our hardening plant requires special attention. Where possible, electrically heated systems are already being used for new investments. The extent to which the heating of hardening furnaces can be completely electrified in the course of decarbonization must be assessed from both a technical and an economic perspective. The possibilities offered by the use of renewable fuels in the future must also be considered. Converting the hardening furnaces currently heated with natural gas to green hydrogen would be possible in principle with adjustments to the systems used. However, it is not yet clear when green hydrogen will be available in sufficient quantities and at competitive prices.

#### **Heating**

The second largest share of Scope 1 emissions comes from heating the German plants with heating oil and natural gas. The use of heat recovery, partly in combination with heat pumps, the proportion of fossil fuels is kept as low as possible. At present, the additional heating energy required is largely provided by fossil fuels such as natural gas or heating oil. Converting existing plants to fully electric

heating via heat pumps must be evaluated from a technical and economic perspective and could only be implemented in the medium to long term. In this regard, future options must be considered with an open mind at this stage. For example, both the district heating network currently under expansion and developments in the field of renewable fuels could lead to solutions in the future that are more advantageous than purely electric heating.

#### **Vehicle fleet**

In recent years, a significant reduction in direct emissions has already been achieved for company vehicles through a gradual switch to electric vehicles. This approach will be continued in the future so that the proportion of electric vehicles powered by green electricity will continue to increase. This will further reduce Scope 1 emissions caused by fuel consumption of company vehicles.



### Decarbonization levers Scope 2

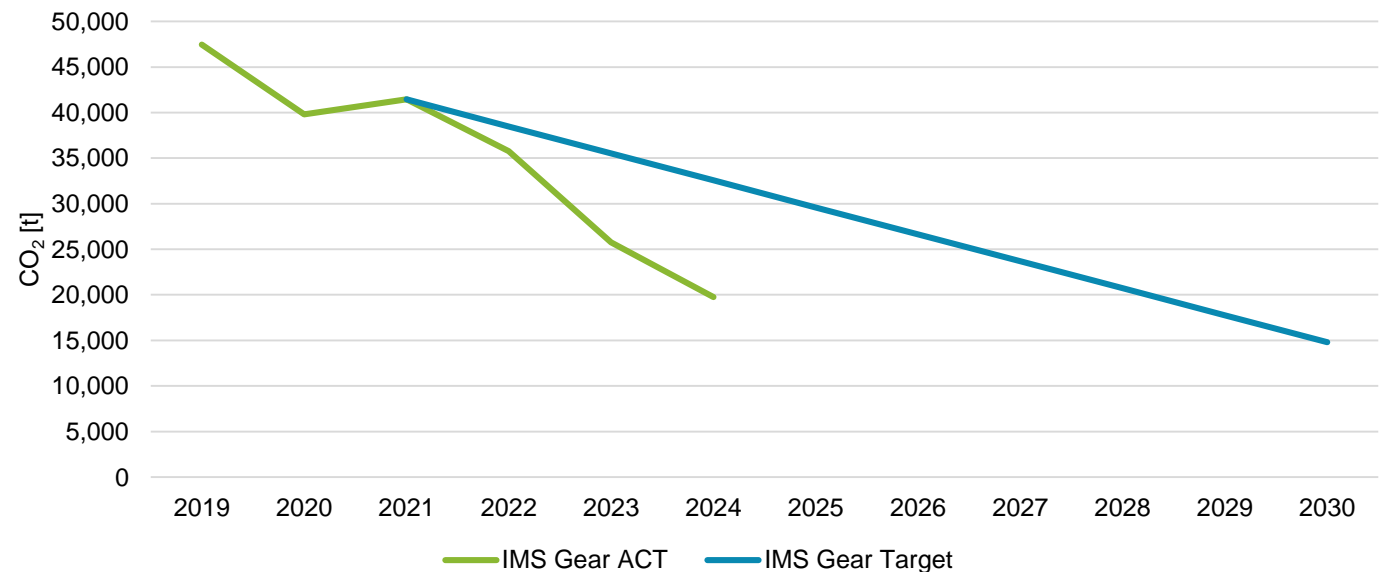
The biggest decarbonization lever within our own business activities comes from using electrical energy in our production plants. In our base year, electricity at all sites was sourced from the local electricity mix and accounted for over 90 % of CO<sub>2</sub>-emissions in our own business area (Scope 1 & 2). In 2022, a first step was taken to reduce these emissions by switching all German sites to green electricity. In subsequent years, this path was continued with the purchase of green electricity at other production sites, and there are plans to further increase the share of green electricity so that all plants will be converted to 100 % electricity from renewable sources by 2035 at the latest. At the same time, this process is being supported by the installation of photovoltaic systems so that part of the electricity required is generated sustainably on site. The first company-owned PV system went into operation at our plant in Querétaro at the end of 2023.

### Decarbonization levers Scope 3 upstream supply chain

A large proportion of the carbon footprint of our products is attributable to the upstream value chain. It is important to work with reliable primary data on the materials purchased in order to be able to derive meaningful measures for reducing CO<sub>2</sub>-emissions. We are in dialogue with our suppliers on this issue, as consistent success in reducing

greenhouse gas emissions can only be achieved through constructive and successful cooperation at the various supplier levels. We see this cooperation in the interests of an increasingly CO<sub>2</sub>-neutral value chain as both an important challenge and a great opportunity that we intend to actively and specifically exploit.

CO<sub>2</sub>-emissions (Scope 1 & 2)



We record our energy consumption across all energy sources and can use this data to determine the greenhouse gas emissions for our Scope 1 & 2. In 2024, emissions from fluorinated greenhouse gases, such as those used in refrigerants for air conditioning systems, were included in the balance sheet for the first time.

The recording and evaluation of Scope 3 emissions is part of our climate strategy. However, no reliable figures for Scope 3 emissions can be reported at present. This is due in particular to the complexity of data collection along the upstream value chain and the limited availability of data. We are currently working intensively on developing suitable methods and processes for systematically recording these emissions. The aim is to create a transparent and consistent database in the coming reporting years so that we can derive and implement targeted reduction measures in this area as well. The continuous improvement of our data basis and close dialogue with our suppliers are essential steps on the way to a holistic climate balance.

We determine the emission intensity on a company-specific basis in relation to value added and also report it in relation to sales.

Biogenic CO<sub>2</sub>-emissions resulting from the combustion or biological degradation of biomass must be reported separately. We are currently working on recording these emissions so that we can report them in the future.

Emissions intensity - company-specific  
Scope1+2/value added

kg CO <sub>2e</sub> /EUR K	2022	2023	2024
IMS Gear Group	111	77	59*

\*from 2024, including fluorinated greenhouse gases

Emissions intensity

Total GHG emissions\*/Group Net revenue

t CO <sub>2e</sub> / EUR million	2024
Greenhouse gas intensity – market-related	34
Greenhouse gas intensity – location-based	82
Group net revenue**	578 million €

\*Currently only Scope1 +2

\*\*This corresponds to the sales revenue reported in the consolidated financial statements

GHG emissions Scope 1 und 2

IMS Gear Group in t CO <sub>2e</sub>	2024
Scope-1 GHG gross emissions	3,048*
Scope-2 GHG emissions – market-related	16,717
Scope-2 GHG emissions – location-based	44,491
Total GHG – market-based	19,764
Total GHG – location-based	47,538

\*from 2024, including fluorinated greenhouse gases

# Energy Efficiency

Careful and efficient use of energy makes sense from both an economic and an ecological perspective. Against this backdrop, energy management has been a high priority at IMS Gear for many years. In 2022, an energy team was set up to link all our sites worldwide. This team identifies proven activities and experiences at each site in the spirit of "best practice sharing" and transfers them to the other sites. In this way, sites that are not yet ISO 50001 certified benefit from the experience of sites that already are.

When establishing future production processes, we can directly influence energy efficiency thanks to the close integration of product and process development within our own company.

In line with our strategy of "Innovation secures the future," we focus on energy-saving processes from the outset when determining the ideal manufacturing processes within our industrial engineering divisions.

In order to demonstrate the development of energy efficiency, we use the company-specific key figure "energy intensity," which compares energy consumption with value added. Our goal is to improve energy intensity by 20 % by 2030, starting from the base year 2021.

## Energy intensity in relation to activities in climate-intensive sectors

MWh/€ million	2024
<b>IMS Gear Group</b>	<b>192</b>
<b>Revenue from climate-intensive sectors*</b>	<b>€ 578 M</b>

\*All IMS Gear sales are generated in climate-intensive sector C – manufacturing, so this sales figure corresponds to consolidated sales as reported in the annual report.

## Energy intensity - company-specific

MWh/EUR K value added

	2022	2023	2024
<b>IMS Gear Group</b>	363	348	<b>334</b>

## Energy consumption, energy production

IMS Gear Group MWh	2024	
<b>Total energy consumption</b>	<b>110,930</b>	
<b>Total energy consumption from fossil fuels</b>	<b>33,448</b>	<b>30 %</b>
Fuel consumption from coal and coal products	-	
Fuel consumption from crude oil and petroleum products	2,163	
Fuel consumption from natural gas	8,469	
Fuel consumption from other fossil sources	140	
Consumption of purchased or received electricity, heat, steam, and cooling, and from fossil sources	22,676	
<b>Total energy consumption from nuclear sources</b>	<b>6,615</b>	<b>6 %</b>
<b>Total energy consumption from renewable sources</b>	<b>70,867</b>	<b>64 %</b>
Fuel consumption from renewable sources	69	
Consumption of purchased or received electricity, heat, steam, and cooling from renewable sources	70,116	
Consumption of self-generated renewable energy that is not fuel	682	
<b>Production of non-renewable energy</b>	<b>-</b>	
<b>Generation of renewable energy</b>	<b>682</b>	

# E2 - Pollution

Topic		Value chain			Time horizon		
Substances of concern/substances of very high concern	Use of substances of concern or substances of very high concern within the legally permitted limits	x	x		x	x	

upstream VC own production downstream VC short-term medium-term long-term

The topic of environmental pollution was defined as material for IMS Gear in the materiality analysis conducted in 2024.

**Impacts, risks, and opportunities related to substances of concern and substances of very high concern**

The materiality analysis identified a negative impact in relation to substances of concern and substances of very high concern.

We use these substances within the legally permitted quantities and thus put them into circulation.

We see the ever-increasing requirements and changes to existing regulations for existing products as a financial risk in relation to substances of concern and substances of very high concern. In particular, the lack of alternatives for new banned substances represents a potential financial risk.

→ *Action field: Material Compliance*

# Material Compliance

## Strategies

As a global manufacturing company, IMS Gear is required to comply with a wide range of environmental standards and regulations, which we adhere to as a matter of course. These include the European Chemicals Regulation REACH, the EU Directive on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS), compliance with the POP Regulation, and conformity with TSCA, California Proposition 65, and the requirements of the Chinese market (China REACH and RoHS).

We reduce the use of harmful and hazardous substances to the minimum necessary, comply with legal requirements, and strive to minimize the impact on people and the environment. Both the legal and normative requirements and the requirements we have imposed on ourselves are reflected in our in-house Material Compliance standard, which we provide to our suppliers as a contractual basis for compliance. To ensure this, we maintain a Material Compliance Management System.

## Measures/guidelines

In addition to the legal requirements, we carry out comprehensive inventories of all critical chemicals at regular intervals. Based on this, we develop an action plan with the aim of reducing harmful chemicals, such as biocides as additives in cooling lubricants or additives in plastics, both in our own products and processes and in our supply chain.

To ensure compliance with these normative and legal requirements, IMS Gear has implemented a global group of experts. This committee addresses the aforementioned requirements throughout the entire product development process (PEP), monitors, analyzes, and processes them on a project-specific basis, and takes corrective action if necessary.

To this end, IMS Gear uses accredited software tools that, in particular, check the mandatory reporting and notification requirements in IMDS and SCIP in advance to ensure that the chemical composition of components can be declared with a view to their subsequent recyclability. With the help of the material data sheet, this information is stored in databases at component level.

In order to standardize these processes globally across all production sites and ensure compliance with all material compliance requirements, we have developed IMS Gear-specific recommendations for action that facilitate the handling of the aforementioned internal standards. These recommendations are also available to our suppliers.

## Target

IMS Gear aims to comply with all relevant material requirements arising from laws, public standards, customer-specific requirements, and its own guidelines, and to take these into account when selecting materials within the framework of eco-design.

# E5 – Resource Use and Ciruclar Economy

Topic		Value chain			Time horizon		
		<	✓	>	●○○	●●○	●●●
Resource inflows, including resource use	Use of primary materials ("finite raw materials")	x	x		x	x	
Resource outflows	Manufacture of CO <sub>2</sub> -optimized/neutral products that can be recycled at the end of their life cycle		x	x		x	x
	Resource-efficient production processes through the use of technologically advanced manufacturing processes		x		x	x	
Waste	Waste generated by our production and packaging of our raw materials and purchased parts		x		x		

< upstream VC    ✓ own production    > downstream VC    ●○○ short-term    ●●○ medium-term    ●●● long-term

The topic of resource inflows and outflows as well as waste was defined as material for IMS Gear in the materiality analysis conducted in 2024.

Impacts and risks related to resource inflows, including resource use

We have identified the use of primary materials ("finite raw materials") for the manufacture of our products as a negative impact and classified it as material.

The aim is to reduce these primary materials through the use of secondary materials and bio-based materials, as well as through the development of products that optimize resource use. Alternative resources for demanding and highly stressed parts in the plastics sector currently still represent a technical risk. In addition, recycled or renewable ingredients are often associated with higher costs and represent a potential financial risk, which we have classified as material.

→ Action field: Resource use and circular economy

Impacts, risks, and opportunities related to resource outflows

We have identified the manufacture of CO<sub>2</sub>-optimized/neutral products that can be recycled at the end of their life cycle as a positive impact. We have also identified the further development of our production processes through the use of technologically advanced manufacturing processes as a further positive impact on resource consumption.

The market and legal guidelines demand recyclable products with optimized service lives. We see this as a potential opportunity for new business areas, which we have classified as significant.

→ Action field: Sustainable products & sustainable processes

Impact in terms of waste

We have also identified waste generated by our production and packaging of raw materials and purchased parts as a negative impact in our materiality analysis and classified it as material.

→ Action field: Waste prevention



# Resource Use and Circular Economy

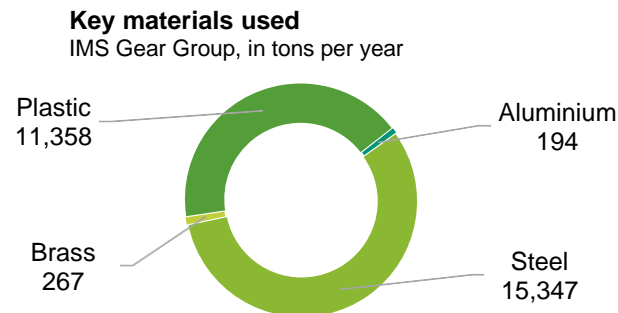
IMS Gear attaches great importance to the responsible use of finite raw materials. By establishing and expanding processes and business models in the context of the circular economy, we are able to recover raw materials, assemblies, and components without negative environmental impacts and reuse them at various levels of the 10R strategy. Our goal is to use recycled materials extensively in our products.

The sustainable and efficient use of resources such as plastics or metals, both in our products (gear actuators and components) and in the context of waste from production and packaging, is an important pillar of the company's sustainability strategy.

The activities of the strategy contribute to environmental protection (PCF), resource availability (local and global material cycles), and waste management (reduction through optimized manufacturing and the 10R strategy for products). By efficient use, we mean the application-optimized and continuously reduced use of primary materials while increasing the use of secondary materials. Materials are also selected taking into account product requirements in accordance with the principles of the 10R strategy. There is an increased focus on the life-extending principles of reuse, repair, refurbish, and remanufacture, as

well as the principles of recycle and recover at the material level. The operational implementation of the strategy in the area of research and development is carried out by means of the eco-design guideline. This is currently a growing document and is being rolled out with a focus on recyclability and PCF.

We consider the secondary material ratio of the raw materials used to be a key indicator for assessing resource efficiency and circular economy. Despite the high significance of this indicator, we are currently unable to report a reliable secondary material ratio. This is due to insufficient data quality and availability along our supply chain. We are actively working with our suppliers to create a reliable basis for this indicator.



## Conflict minerals – an integral part of our responsible supply chain

The responsible procurement of raw materials, especially metals, is an integral part of our corporate due diligence. Our suppliers are obliged to verify the conflict-free origin of all metals used in our products. To this end, we use the internationally recognized Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI).

Supplier declarations are recorded and evaluated systematically using software to ensure complete transparency in the supply chain. If there are indications that conflict-affected raw materials are being used, we immediately demand concrete measures to switch to verifiably conflict-free sources.

We see the responsible handling of conflict minerals not only as a regulatory requirement, but also as an essential contribution to sustainability and ethical integrity in the global value chain.

# Sustainable Products and Sustainable Processes

Environmental aspects are firmly anchored in the various phases of the product development process when developing new products. The development of sustainable products involves taking ecological, social, and economic aspects into account in order to create more environmentally friendly and socially responsible products. This primarily includes the selection of materials and product design, as well as the associated production processes.

As part of our life cycle management, we also consider the phases during and after the useful life of our products and communicate these transparently. Product-specific checklists linked to our design guidelines help us to monitor the product life cycle with regard to all relevant aspects in the individual process steps and to evaluate it objectively. These criteria are based on ISO 14006.

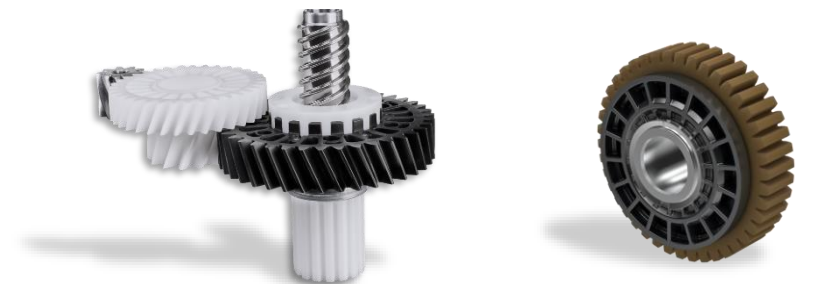
Digitalization also plays a decisive role in the ecological development process and contributes to the implementation of a decarbonized, resource-efficient circular economy and to the management of complex ecological systems.

Ongoing preliminary development projects for the comprehensive evaluation (product and manufacturing) of the performance and economic efficiency of recycled materials, bio-based plastics, and green steel are expanding the company's knowledge base and serving to minimize risk in the testing and optimization of design guidelines. The expansion of the guidelines to include points that are important for the circular economy, such as reuse and refurbishment, is also being developed and tested within ongoing projects with regard to technical possibilities and regional and global market requirements.

The circular economy in the context of the 10R strategy is a key issue for our company. In addition to great potential for new business models such as Trash2Cash or service-based functions (X-as-a-Service), the concept of the circular economy enables risk minimization with regard to resource availability.

Due to the close interlinking of product and manufacturing process, another focus is on the sustainability of manufacturing processes. In the plastics sector in particular, projects have been running for several years on the recyclability of plastic waste from our own production and, more recently, projects on the use of post-consumer and

post-industrial granulate. Technologies for reducing raw material and energy consumption are also being investigated, further developed, and validated for series production. The projects range from basic research to direct application in series processes and series products.



# Waste Prevention

Waste is a valuable resource. Waste prevention means not creating waste in the first place. This means that no products or packaging should be used that will later have to be recycled or disposed of. Waste prevention is therefore a direct form of environmental protection, as the resources required for production are saved or can be directly reused or recycled in line with the circular economy.

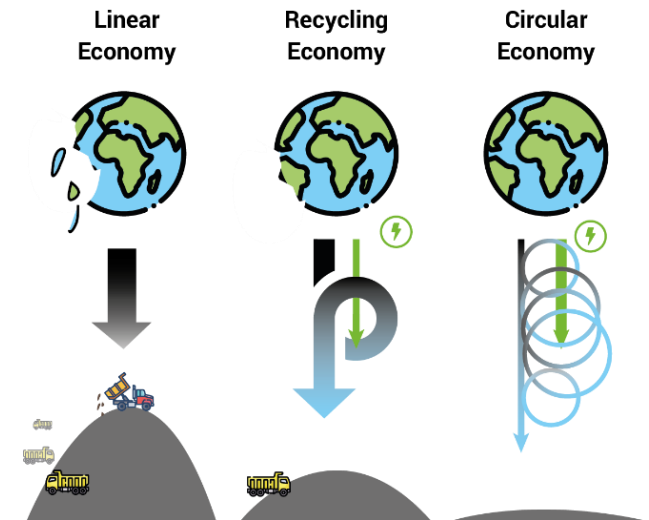
The main types of waste generated at IMS Gear are packaging, metals, and plastics, as well as municipal waste and, to a lesser extent, hazardous special waste such as waste oil or metal-containing sludge. All special waste is handled and stored properly and handed over to certified companies for disposal. In accordance with our waste management policy, we always follow the hierarchy of avoid, reuse, and dispose. At our sites in Germany, we use a sophisticated collection system that allows us to categorize our waste in an extremely detailed manner based on the German Waste Catalogue Ordinance (AVV). This ensures that recyclable materials are collected by type and returned to the circular economy, so that the amount of

residual waste that ultimately has to be disposed of can be kept to a minimum and disposed of properly and in accordance with the law.

The annual reports of the company's waste management officer document the results of the internal inspections and environmental audits carried out annually at our sites in Germany. Compliance with the specifications and any deviations are archived centrally and rectified promptly by means of action plans. We intend to transfer the waste reduction measures to other sites as part of an exchange of experience between the international sites, taking into account the respective circumstances.

In addition, we have set ourselves the goal of reducing the remaining unavoidable waste that can only be recycled to a limited extent or even has to be finally disposed of by incineration or landfill by a further 20 % by 2030 compared to 2022. In 2024, we were able to reduce the amount of waste going to disposal in absolute terms. We also reduced waste intensity compared to the previous year.

We are continuing to work towards achieving this goal. We refer to local legislation for the classification of hazardous waste, which means that waste may be classified differently in different countries.



## Waste overview

IMS Gear Group in tons	2022	2023	2024
<b>Recycling</b>	<b>11.301</b>	<b>11.253</b>	<b>11.103</b>
<i>of which hazardous</i>			956
Preparation for reuse	333	347	374
<i>of which hazardous</i>			232
Recycling	10.394	10.325	10.219
<i>of which hazardous</i>			219
Other recovery processes	574	581	510
<i>of which hazardous</i>			505
<b>Disposal</b>	<b>1.773</b>	<b>2.040</b>	<b>1.976</b>
<i>of which hazardous</i>			119
Landfill	414	764	833
<i>of which hazardous</i>			-
Other disposal methods	209	180	148
<i>of which hazardous</i>			53
Incineration with energy recovery	950	846	723
<i>of which hazardous</i>			63
Incineration without energy recovery	200	250	272
<i>of which hazardous</i>			2
<b>Total amount of waste</b>	<b>13.074</b>	<b>13.293</b>	<b>13.079</b>
<i>of which hazardous</i>	1.212	1.229	1.075
<i>of which radioactive waste</i>	0	0	0
<b>Proportion of waste that was not recycled (in %)</b>	<b>14 %</b>	<b>15 %</b>	<b>15 %</b>

## Waste intensity\* - company-specific

in kg/EUR K value added	2022	2023	2024
<b>IMS Gear Group</b>	<b>5,5</b>	<b>6,1</b>	<b>5,9</b>

\*Refers only to waste that goes to disposal

# Social Information

## ESRS S1 Own workforce

- SBM-2 Interests and views of stakeholders
- SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
- S1-1 Policies related to own workforce
- S1-2 Processes for engaging with own workers and workers' representatives about impacts
- S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns
- S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
- S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
- S1-6 Characteristics of the undertaking's employees
- S1-7 Characteristics of non-employee workers in the undertaking's own workforce
- S1-8 Collective bargaining coverage and social dialogue
- S1-13 Training and skills development metrics
- S1-14 Health and safety metrics
- S1-17 Incidents, complaints and severe human rights impacts

# S1 - Own Workforce

Topic		Value chain			Time horizon		
		◀	✓	▶	●○○	●●○	●●●
<b>Working conditions</b>							
<ul style="list-style-type: none"> <li>Secure employment</li> <li>Working time</li> <li>Adequate wages</li> <li>Social dialogue</li> <li>Collective bargaining</li> <li>Work-life balance</li> </ul>	Good working conditions have a positive effect on employees' ability to work and their well-being.		x		x	x	
	High turnover due to dissatisfaction leads to high costs. It is difficult to find new employees, especially given the current shortage of skilled workers.		x		x	x	
	Excessive wage agreements lead to high personnel costs. → Threat to locations/competitiveness		x		x	x	
	Employees' ability to work, job satisfaction, and commitment to the company increase. This improves IMS Gear's image and performance as an employer.		x		x	x	

◀ upstream VC   ✓ own production   ▶ downstream VC   ●○○ short-term   ●●○ medium-term   ●●● long-term

Our employees are among the most important stakeholders of IMS Gear. The topic area S1 - Own workforce - was classified as material for IMS Gear in the materiality analysis conducted in 2024. We evaluated the topics for ourselves at the sub-sub topic level and finally divided them into six action fields.

## Impacts, risks, and opportunities related to working conditions

Good working conditions have a positive effect on the ability to work and the well-being of employees. This actual positive impact on employees was identified as material. High staff turnover and excessive wage agreements were identified as financial risks and assessed as material. On the other hand, being an attractive employer is seen as a potential financial opportunity. This increases the ability to work, job satisfaction, and employee commitment to the company.

→ Action field: Employer attractiveness



Topic		Value chain			Time horizon		
		◀	✓	▶	●○○	●●○	●●●
Working conditions							
• Health and safety	Safety and health measures contribute to the general well-being of employees. This applies to both physical and mental health.		x		x	x	
Equal treatment and opportunities for all							
• Gender equality and equal pay for work of equal value	Remuneration at IMS Gear is based on the perceived task. Competence and potential are decisive factors in the recruitment and further development of employees.		x		x		
• Measures against violence and harassment in the workplace	No tolerance of harassment or discrimination in the workplace.		x		x		

◀ upstream VC   ✓ own production   ▶ downstream VC   ●○○ short-term   ●●○ medium-term   ●●● long-term

Impacts on health and safety

Safety and health measures contribute to the general well-being of employees. This applies to both physical and mental health. A safe working environment in which employees feel comfortable was identified as a positive effect and rated as essential.

→ Action field: Health and safety

Impacts in terms of equal treatment and equal opportunities for all

Remuneration at IMS Gear is based on the perceived task. Competence and potential are decisive factors in the recruitment and further development of employees. We have identified this as an actual potential impact of IMS Gear on employees and classified it as significant. It is also important to IMS Gear that harassment and discrimination are not tolerated in the workplace. This is also an actual positive impact for our employees, which was identified in the materiality analysis and rated as significant.

→ Action field: Equal opportunities

Topic		Value chain			Time horizon		
		◀	☑	▶	●○○	●●○	●●●
<b>Equal treatment and opportunities for all</b>							
• Training and skills development	Qualified, motivated employees who are deployed in line with their strengths make a fundamental contribution to the sustainable success of IMS Gear		x		x	x	
<b>Other work-related rights</b>							
• Child labour • Forced labour	Compliance with and respect for human rights		x		x		
• Privacy	Compliance with legal data protection guidelines regarding the personal data of our employees		x		x		

◀ upstream VC    ☑ own production    ▶ downstream VC    ●○○ short-term    ●●○ medium-term    ●●● long-term

### Impacts and opportunities in relation to training and skills development

Training and skills development are very important to IMS Gear. Qualified, motivated employees who are deployed in line with their strengths make a fundamental contribution to the sustainable success of IMS Gear. This has been defined as a positive impact and a key issue in the materiality analysis. We see successful training and skills development as a potential financial opportunity to improve performance, increase employee retention, and enhance the quality of the work performed.

→ Action field: *Employee development*

### Impacts in relation to child labor and forced labor

Compliance with and respect for human rights, such as child labor and forced labor, within our own workforce has been identified as a positive impact and classified as material. This is a fundamental principle of our business activities.

→ Action field: *Human rights*

### Impacts in relation to data protection

Compliance with legal data protection guidelines relating to our employees' personal data was identified as a positive impact and classified as material.

→ Action field: *Data protection*

# Employer Attractiveness

## Strategies relating to our own workforce

As an independent, family-owned company, IMS Gear has long recognized the importance of its employees in its corporate vision. We cultivate an international culture of social responsibility and take a sustainable approach to our responsibility for people and the environment. IMS Gear's international human resources strategy is based on this vision, the diverse challenges of the future, and our divisional strategies. That is why we know that our employees are our company's most valuable asset. We focus on attracting, retaining, and developing the right people to meet the demands of our dynamic and international business environment. At the same time, we develop our corporate culture by applying our core values to the development of our employees and managers.

These are reflected, among other things, in our principles of cooperation and leadership. The Human Resources department operates internationally within a structure that meets the needs of our employees and managers with the help of efficient, standardized processes and tools. In addition to competent and motivated employees, continuous improvement and digitalization play an important role. The ultimate responsibility for Human

Resources lies with the Executive Board and the Vice President Human Resources. They communicate the relevant principles, and all employees and managers share responsibility for their compliance and implementation.

In order to make our action fields employer attractiveness, employee development, and equal opportunities measurable, we have defined the KPI "turnover". This includes employee resignations, retirements, and dismissals in relation to the average number of employees in 2024. Across the company, we are currently at 15.46 %.

## Procedures for involving our own workforce and employee representatives with regard to impacts

We maintain a continuous dialogue in order to understand the needs and interests of our employees as well as possible. This is crucial for the long-term success and sustainability of our company. The interests and views of our own workforce are incorporated directly or through the involvement of employee representatives in decisions and actions relating to working conditions or employee issues at IMS Gear. This is achieved through various channels and procedures:

## Annual IMS.dialogue meeting

Regular and appreciative dialogue is the basis of our success. For this reason, a standardized meeting is held with our employees at least once a year. During these meetings, professional and personal goals are agreed upon, the next development steps are discussed, and training needs are determined. At the same time, our IMS.dialogue enables employees to provide feedback on their managers and the company.

## Works council, supervisory board, and committees

Employees are represented in various committees by representatives of the works council. There is regular and cooperative communication between these representatives, human resources management, and company management.

### Internal communication

Employees are kept informed about current events at regular intervals through various formats. These include company meetings, departmental meetings, and the intranet. The annual employee dialogue in the form of the traditional "info meetings" and quarterly meetings serve to pass on information and facilitate mutual exchange.

### Procedures for addressing negative impacts and channels through which employees can express concerns

If there is suspicion of possible misconduct, such as a violation of applicable law or the IMS Gear Code of Conduct, employees can contact their direct supervisor, the Human Resources department, the works council, the representative for disabled employees, the Executive Board, or the Compliance Officer in person or in writing. Another option, which is also available to business partners and other third parties, is the whistleblower portal on our website. Anonymous reports of potential misconduct can be submitted there. An organizational instruction regulates the receipt and processing of anonymous reports in accordance with the EU Directive. [\[Whistleblower portal\]](#)

In addition, IMS Gear has established an internal complaints office for the General Equal Treatment Act (AGG), which employees can contact if they become aware

of a possible case of discrimination or wish to file a specific complaint.

### Measures relating to working conditions

Based on the aforementioned HR strategy and Code of Conduct, IMS Gear derives measures to promote the provision of secure and long-term jobs as well as fair and healthy working conditions.

Good working conditions and respect for human rights are a fundamental part of responsible corporate governance at IMS Gear. Therefore, the working conditions for employees are regulated in guidelines and regulations based on national and international standards, among other things. In addition, regular personnel planning ensures that the necessary personnel capacity is available and that employees are not overworked. This also includes ensuring that employees have the necessary skills to perform their tasks.

At IMS Gear in Germany, the framework conditions of the collective agreement for the metal and electrical industry are used as a basis and supplemented by works agreements concluded between the employer and employee representatives.

Where possible, the individual needs of employees are supported and flexible working arrangements are encouraged.

IMS Gear ensures that remuneration is based on uniform standards, regardless of gender, religion, origin, age, disability, or sexual orientation. The principles of remuneration and the level of salaries for employees covered by collective agreements and management are based on collective agreements and company regulations. The basic salary is determined on the basis of defined tasks, taking into account knowledge and skills, problem-solving abilities, influence, and areas of responsibility. One-off payments are provided for in collective agreements and company regulations.

In addition, market-specific conditions and benchmarks are taken into account to ensure competitive remuneration. The aim is to ensure attractive, market-based, and non-discriminatory remuneration for employees and to identify and eliminate any potential injustices. Variable remuneration is generally performance-related and is determined according to uniform criteria and standards based on general and individual performance criteria.

### Target

To support the measures mentioned above and avoid possible deviations, measuring staff turnover is an important key performance indicator. Our goal is to reduce the turnover rate to 12 % by 2026.

## Employees

Headcount, as of 12/2024	Employees	thereof male*	therof female*
Europe	1,435	1,140	295
Americas	770	456	314
Asia	578	286	292
<b>IMS Gear Group</b>	<b>2,783</b>	<b>1,882</b>	<b>901</b>
<i>therof employees working part-time</i>			
Europe	138	47	91
Americas	3	1	2
<b>IMS Gear Group</b>	<b>141</b>	<b>48</b>	<b>93</b>
<i>therof employees with fixed-term contracts</i>			
<b>IMS Gear Group</b>	<b>440</b>		

\* For reasons of confidentiality, a breakdown that includes individuals of "non-binary" gender cannot be made because those cases are limited in number

## Workers who are not employees

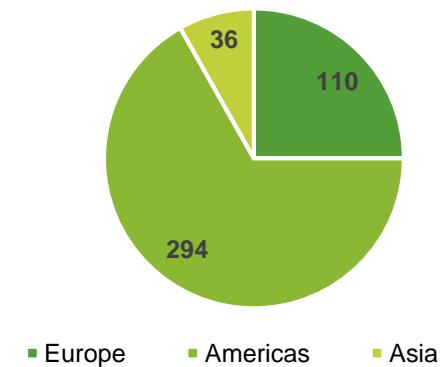
Headcount, as of 12/2024	Temp agency workers	Apprenticeship and internship	Temporary helpers
Europe	12	126	27
Americas	4	39	
Asia	0	52	
<b>IMS Gear Group</b>	<b>16</b>	<b>217</b>	<b>27</b>

## Collective bargaining coverage and social dialogue

	Collective Bargaining Coverage	Social dialogue
Coverage Rate	Employees - EEA*	Workplace representation EEA only
0-19 %		
20-39 %		
40-59 %		
60-79 %		
80-100 %	Germany	Germany

\*EEA = European Economic Area

**Departures by region**  
IMS Gear Group, Emp.



# Health and Safety

## Fit and healthy

At IMS Gear, preventive health management not only means investing in ergonomic workstations, but also in the health-oriented skills of employees and managers. We therefore maintain appropriate training content or health promotion programs as well as internal contact points, which we support with external cooperation partners. Regular exercise is one of the most important components of a healthy lifestyle. IMS Gear supports or subsidizes this in a variety of ways.

## Measures

To help employees recover their performance after a long illness, IMS Gear has a company reintegration management program. This involves, for example, gradually reintroducing affected employees to the stresses of working life as part of a step-by-step reintegration process.

We ensure competent occupational health care and advice through our cooperation with company doctors. In addition,

health checks are offered and the legally required preventive medical checkups are carried out. Additional services, such as vaccinations, are also available.

We take potential psychosocial stress seriously and consider prevention to be an integral part of our risk analysis. In general, communication across all levels and personal dialogue are essential factors for us. For employees who are struggling with personal problems or emotional distress, we offer rapid professional counseling through our external cooperation partners.

Occupational safety is a top priority at IMS Gear. The basis for our occupational safety management is our company policy, which sets out our high standards in this area.

In line with this requirement, we publish a monthly report at management level on topics relating to occupational safety. In addition, regular coordination between all vice presidents and the central HSE (Health, Safety, Environment) department enables a coordinated approach and the implementation of uniform standards.

In order to develop potential for improving future occupational safety from accidents that have already occurred, we carry out a root cause analysis for every accident and define corrective measures.

Each of our plants has trained safety officers on site who are in regular contact with the central HSE department and support those responsible at the site in all matters relating to occupational safety. This includes, for example, the design of workplaces, machines, and systems, as well as their ergonomic design, in order to meet the requirement of providing every employee with a good and safe working environment.

To ensure that all occupational safety measures are implemented, we conduct regular training and instruction. Our e-learning platform provides regular updates and maps the process transparently.

In addition, we check compliance with standards as part of the 6IMS inspections, which take place monthly at all production sites.

Workplace hazards are identified and assessed as part of a risk assessment. This assessment is carried out regularly or in the event of special incidents and changes in the workplace.

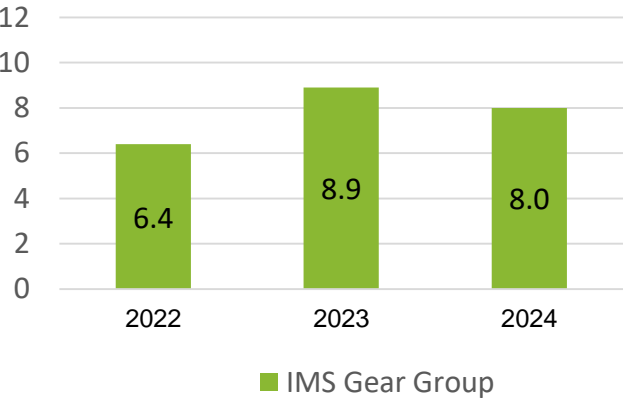
First, the risks are systematically recorded. If a hazard is classified as particularly risky, appropriate measures must be defined and implemented. Occupational safety specialists and the company doctor provide support in preparing risk assessments and operating instructions.

As a preventive measure, IMS Gear offers its employees various health benefits, such as discounted gym memberships, cooperation with a fitness network partner, active breaks, and various sporting events.

**Targets**

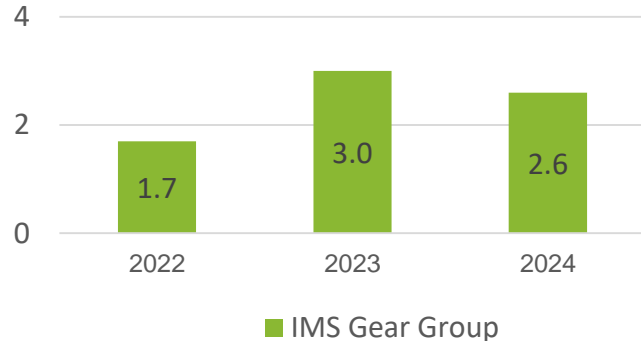
Our company is actively committed to ensuring the safety and well-being of our employees. Another goal of our sustainability strategy is to reduce workplace accidents. We are convinced that a safe working environment not only protects the health of our employees, but also increases the efficiency and productivity of our company. The number of accidents at work is to be reduced to  $\leq 1.5$  accidents/200,000 hours by 2026. There were no serious accidents at work resulting in permanent injury or fatalities in the reporting year.

**Workplace accidents**  
Reportable accidents\*/1.000.000h



\*Includes reportable accidents according to German classification

**Workplace accidents – company-specific**  
Work related injuries\*\*/200.000h



\*\*Includes accidents that are not subject to reporting requirements and those that are subject to reporting requirements.



# Equal Opportunities

## Strategies

Tolerance and respect play a central role in our corporate values, which is why respect for human rights is a fundamental principle of our business activities, as underscored by our human rights statement. We promote equal opportunities and equal rights and do not tolerate harassment or discrimination in the workplace. It is important to us that skills and potential play a decisive role in the recruitment and further development of our employees and that no one is excluded from opportunities within the company on the basis of personal characteristics. Remuneration is also based on the perceived task ("equal pay"). We value the strengths-based deployment of our employees and promote balanced teams.

There are a wide range of information and training opportunities, internal contacts, and complaint channels (whistleblowers) as well as remedial procedures to ensure compliance with our principles and values.

## Measures

IMS Gear guarantees fair and consistent remuneration regardless of gender, religion, ethnic origin, age, disability, or sexual orientation. For more information, please refer to the section entitled "Employer attractiveness".

## Key figures

No incidents of harassment or discrimination were reported via the whistleblower system in 2024.



# Employee Development

## Training and concept development

IMS Gear is divided into independently managed business units, each with its own closed value chain. This opens up a wide range of opportunities for development in line with individual interests and abilities. Whether employees are interested in management roles or pursuing a specialist career, IMS Gear invests heavily in individual development and training based on its HR strategy. Qualified, strength-oriented and motivated employees make a fundamental contribution to the sustainable success of IMS Gear.

## New hires

Every new employee receives an induction plan at the start. This is standardized depending on the role and can be supplemented individually. Orientation in the new working environment and team, regular feedback meetings between employees and managers, a mentoring concept, and a welcome event on the first day of work ensure a successful start at IMS Gear.

## IMS.dialogue

Regular and appreciative dialogue is the basis of our success. That is why we hold a standardized meeting with our employees at least once a year. During these meetings, we agree on professional and personal goals, discuss the next steps for development, and determine training needs. At the same time, our IMS.dialog enables employees to provide feedback on their managers and the company.

## IMS.academy

IMS Gear offers an induction and training program tailored to the respective function and geared to the needs of the individual departments.

In addition to teaching the basics, the IMS.academy portfolio also includes targeted advanced training courses. On the one hand, we focus on our existing internal expertise and pass on knowledge to our employees through our own experts. On the other hand, our diverse

offer is rounded off by cooperation with external specialists. We are constantly developing our training program and take current trends and new challenges into account, for example in our annual management workshops. We are also continuously expanding our e-learning offerings so that topics can be taught anytime, anywhere – including through a combination of digital self-learning formats and accompanying in-person or online seminars. It is also important to us to provide the best possible learning support for our employees in the production area. To this end, we have implemented a pilot project called "Production-oriented learning space", in which we have created a learning-friendly atmosphere with bright, quiet rooms and a variety of learning media.

All of our training courses are made available via our central learning management system and managed in a standardized workflow.

We see another important task in the ongoing training of our internal trainers and the integration of our training centers to be another important task. To support our internal trainers, we have a well-functioning trainer network and proactively prepare participant feedback to continuously optimize our training content and methods – including offering target group-specific training courses such as “Train the Trainer.” In this way, we create qualifications for employees by employees – both in terms of development and implementation.

The average number of training hours in 2024 was 9.27 hours\* per employee\*\*.

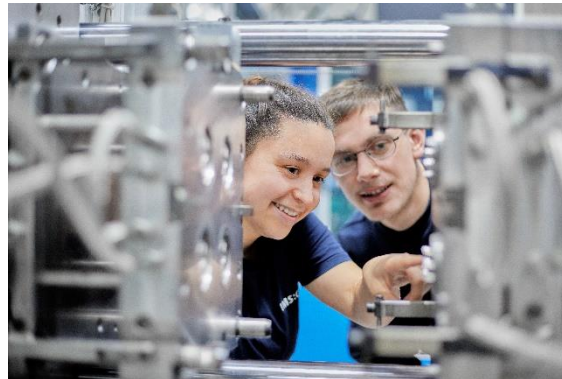
\*Only internal training courses were taken into account for the German locations

\*\* This also includes temporary staff, trainees, and agency workers.

### Apprenticeship

IMS Gear invests strategically in its own skilled workers and offers a successful start to a career internationally with its wide range of apprenticeships and study programs. We have set up our own training department at all locations and take on between 55 and 60 new trainees each year, depending on demand.

The company invests around €4.9 million in training every year. The focus of the training is on building knowledge, laying the foundation for important technical and personal skills. After a structured introduction, in which the various basics of the respective profession are taught, as well as cross-disciplinary knowledge, the trainees deepen their knowledge in their specific field of application, including through concrete tasks and projects. Central support ensures that standards and essential content are met in accordance with the training framework plan.



# Human Rights

We respect and promote compliance with globally applicable regulations for the protection of human rights. We strictly reject any form of child or forced labor. We are actively committed to equal opportunities, equality, and inclusion. We do not tolerate discrimination or harassment in the workplace.

We respect our employees' right to organize, establish, or join employee representative bodies in accordance with applicable local laws, as well as their right to choose not to do so.

In addition, we offer attractive working conditions that meet or exceed the applicable legal and collective bargaining provisions regarding remuneration, working hours, and social benefits.

Respect for human rights is an integral part of our corporate responsibility. Our stance is binding and anchored in our company-wide declaration on respect for human rights, our rules of conduct in business, our code of conduct for suppliers, and our sustainable procurement policy.

A Human Rights and Environment Officer has been appointed to monitor and further develop our human rights and environmental due diligence obligations. This officer coordinates internal measures, supports specialist departments in implementing the relevant standards, and acts as a central point of contact.

Human rights requirements are implemented along the supply chain via our IntegrityNext supplier platform, which collects and evaluates relevant information and initiates measures where necessary.

In the 2024 reporting year, no human rights incidents were reported via our whistleblower system.

# Data Protection

In an increasingly digitalized and globally connected world, data protection is becoming more and more important. Handling employee data responsibly is not only a legal obligation, but also an expression of respect for our employees and their privacy. Transparent and fair data processing procedures strengthen our employees' trust, which has a positive effect on the working atmosphere and the company's reputation.

Data security and cybersecurity are closely linked and play a crucial role in protecting information and systems. Both concepts complement each other and are essential for comprehensive data protection, especially in a corporate environment. This is also a central component of our digitalization strategy.

Our Code of Conduct clearly and unambiguously regulates data protection. We use the data of our employees and contractual partners exclusively for the purposes for which it was provided to us and treat it confidentially. In Germany, the General Data Protection Regulation (GDPR) and the Federal Data Protection Act (BDSG) regulate the handling of personal data.

Appropriate training courses have been conducted at our German locations and their effectiveness has been reviewed. These training courses take place online and must be completed by every employee once a year.

We plan to introduce this training at our international locations.

In 2024, we introduced TISAX (Trusted Information Security Assessment Exchange) certification at our German sites. This standard for information security in the automotive industry serves to improve IT security in companies.

Our goal is to comply with European GDPR requirements at all production sites by the end of 2025, in addition to local legal data protection requirements.

# Governance Information

## ESRS G1 Business Conduct

- G1-1 Business conduct policies and corporate culture
- G1-2 Management of relationships with suppliers
- G1-3 Prevention and detection of corruption and bribery



# G1 - Business Conduct

Topic		Value chain			Time horizon		
		◀	✓	▶	●○○	●●○	●●●
Corporate culture	Our values and code of conduct in the workplace promote an ethical corporate culture and offer our employees a safe working environment and other stakeholders the opportunity to work with an ethical and reliable business partner	x	x	x	x	x	
Protection of whistleblowers	Whistleblower system on the homepage enables internal and external stakeholders to report suspected misconduct anonymously	x	x	x	x		
Management of supplier relationships, including payment practices	Cooperation with suppliers in the area of sustainability has a positive impact on the implementation of ethical conduct and sustainability in the supply chain	x	x		x	x	
Corruption and bribery	Corruption and bribery can negatively affect the morale and motivation of employees and business partners. An environment in which unethical behavior is tolerated can lead to a decline in productivity and loyalty	x	x	x	x	x	

◀ upstream VC   ✓ own production   ▶ downstream VC   ●○○ short-term   ●●○ medium-term   ●●● long-term

The topic of corporate policy was defined as material for IMS Gear in the materiality analysis conducted in 2024. The strategies and guidelines/measures relating to these topics can be found in the action fields Compliance / Anti-corruption & bribery and Supplier management on the following pages.

## Impact on corporate culture and protection of whistleblowers

Our values and code of conduct in the workplace promote an ethical corporate culture and offer our employees a safe working environment and other stakeholders the opportunity to work with an ethical and reliable business

partner. This was identified as a significant positive impact in the 2024 materiality analysis. The protection of whistleblowers was also defined as a positive impact and material. Our whistleblower system on our website enables internal and external stakeholders to report suspected incidents anonymously.

→ Action field: Compliance / Anti-corruption & bribery

## Impact on management of supplier relationships

Cooperation with suppliers in the area of sustainability has a positive impact on the implementation of ethical conduct and sustainability in the supply chain. These positive impacts were also identified as a material issue in the 2024 materiality analysis.

→ Action field: Supplier management

## Impact in relation to corruption and bribery

Corruption and bribery can have a negative impact on the morale and motivation of employees and business partners. An environment in which unethical behavior is tolerated can lead to a decline in productivity and loyalty. IMS Gear has seen positive effects in this area and has identified it as material.

→ Action field: Compliance / Anti-corruption & bribery



# Compliance / Anti-corruption & Bribery

**Compliance refers to adherence to laws, guidelines, and internal company regulations and is an integral part of our value-oriented corporate culture.**

To this end, we have clearly defined our stance on legal requirements and ethical issues in our globally applicable Code of Conduct. Together with the values of IMS Gear, it forms the basis that we consider essential for the business success of IMS Gear. Our values include openness, respect, community, reliability, enthusiasm, and courage.

## Organization

Each country has a Country Compliance Officer who reports directly to the Group Compliance Officer. The latter then reports directly to the Management Board. Critical issues are communicated to the Management Board immediately and recorded in monthly reporting. Every report is followed up and appropriate measures are implemented. In 2024, seven reports were processed due to violations of the rules of conduct. In the previous year, there were eight reports. All violations of the Code of Conduct are reported to the Supervisory Board.

## Code of Conduct

The Code of Conduct provides all IMS Gear employees with guidelines for value-oriented and therefore ethically and legally impeccable conduct. These guidelines are specified in corresponding organizational instructions and thus broken down to the operational level.

The Code of Conduct also covers respect for human rights and the prohibition of forced or child labor. We also include our business partners in this requirement (Code of Conduct for Suppliers, see chapter on Supplier Management).

The Code of Conduct is available to all employees in four languages. Every employee receives a brochure when they join the company "Business Code of Conduct". It can also be downloaded from our homepage. [\[IMS Gear Code of Conduct\]](#)



## Training and communication

Employees involved in the direct production of our products receive face-to-face training once when they join the company. Employees in the indirect area receive online training on compliance rules every two years. The target is a training rate greater than 98 %. In 2024, we achieved 99 % across the group. In the previous year, we were at 97 %, and in 2022 only 95 %.

In the event of suspected misconduct, for example a breach of applicable law or the Code of Conduct, employees can contact their direct line manager, HR, the Works Council, the Management Board or the Compliance Officer ([compliance@imgear.com](mailto:compliance@imgear.com)) in person or in writing. Another option, open to business partners and other third parties, is the whistleblower portal on our website. Information on potential misconduct can be submitted there anonymously. An organizational instruction regulates the recording and processing of anonymous reports in accordance with the EU Directive. No cases were reported via the whistleblower procedure in 2024. There were also no reports in the previous year. [\[Whistleblower portal\]](#)

Great importance is attached to the protection of whistleblowers throughout the entire process. Every report is checked. A plausibility check is carried out and the case is categorized. An independent investigation is then launched and concluded with a documented investigation

report. At the end of the investigation, lessons learned are identified and adjustments are made if necessary.

## Anti-Corruption and Bribery

IMS Gear wants to create an environment characterized by transparency, honesty, and ethical behavior. We are committed to preventing and combating all forms of corruption and bribery.

Our Code of Conduct and internal guidelines are designed to set clear standards and ensure that they are adhered to by all employees and business partners.

Since 2023, we have been offering special online training on corruption and bribery for employees in areas particularly affected by these issues, such as HR, sales, controlling, purchasing, accounting, and all managers. This is mandatory training that must be repeated every two years.

The whistleblower procedure described above is also available in cases of corruption and bribery.

We promote a corporate culture based on integrity and ethical behavior. Managers and employees are required to act as role models and actively live the values of our company.

Through these measures, we ensure that our company not only complies with legal requirements, but also makes a positive contribution to society and strengthens the trust of our stakeholders. We are firmly committed to combating corruption and bribery in all its forms and to continuously improving our ethical standards.

# Supplier Management

IMS Gear is committed to sustainable, responsible, and efficient procurement management. Our company-wide purchasing strategy focuses on both economic efficiency and compliance with international environmental and social standards.

We consider our suppliers to be an essential part of our value chain and strive for long-term, partnership-based relationships based on transparency, fairness, and reliability. After all, a smoothly functioning overall system requires a stable and integrated supply chain.

Our strategic purchasing department is responsible for implementing and coordinating our sustainability requirements within the supply chain. The central basis for this is our Code of Conduct for Suppliers, which, together with our General Terms and Conditions of Purchase, defines binding standards for cooperation. This code reflects our understanding of responsible partnership and contains clear requirements on compliance, human rights, labor standards, and environmental responsibility.

Our suppliers are obliged to comply with the contents of the Code of Conduct and to pass on these requirements throughout the entire upstream supply chain – including to all downstream subcontractors.

## Contents of the IMS Gear Code of Conduct for Suppliers – Minimum requirements:

- **Respect for human rights** (including prohibition of forced and child labor, promotion of equal opportunities, protection against discrimination, freedom of association)
- **Compliance with labor law standards** (reasonable working hours, vacation regulations, health protection, occupational safety)
- **Prevention of corruption and integrity** (prohibition of bribery and granting of advantages)
- **Compliance with competition law** (fair and free competition)
- **Responsible handling of data** (Data protection and confidentiality)

- **Commitment to environmental and climate protection** (including resource efficiency and emission reduction)

By actively integrating our suppliers into our sustainability strategy, we are working together to contribute to a resilient, legally compliant, and sustainable supply chain – in line with the requirements of the automotive industry and applicable legislation such as the Supply Chain Due Diligence Act (LkSG).

Our goal for 2024 was ambitious: we wanted to increase the proportion of suppliers who sign our Code of Conduct to 80 % of our purchasing volume. This goal underscores our strong commitment to sustainability and ethical business practices.

In 2024, we were able to almost completely achieve this goal with a share of 78 % - a significant improvement compared to 2023, when the share was still at 24 %. For 2025, we are continuing our efforts to increase the rate to 85 % and, if possible, to get all relevant suppliers to sign the Code of Conduct.

### Sustainable procurement and training measures

Sustainable procurement is a key element of our purchasing strategy. While around 33 % of our strategic purchasers received training on sustainability issues in 2023, the focus in 2024 was on further developing our digital infrastructure in the area of sustainable procurement. Against this backdrop, no additional training measures were implemented during this period.

The integration of the IntegrityNext sustainability platform into our new purchasing cockpit now forms the basis for recording and evaluating sustainability requirements for our suppliers even more systematically and integrating them into the procurement processes. For 2025, we plan to expand our training activities and involve our purchasers more closely in the purchasing cockpit in order to apply sustainability criteria more specifically in the development of suppliers and thus further promote sustainability along the supply chain.

### Supplier registration and evaluation

IMS Gear attaches great importance to compliance with the ISO 14001 and ISO 50001 standards when selecting and evaluating suppliers. With their different focuses – environmental management for ISO 14001 and energy efficiency for ISO 50001 – both standards make a valuable contribution to climate protection and resource conservation.

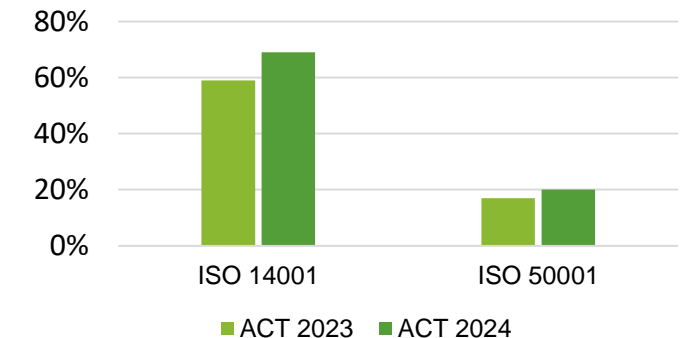
ISO 14001 is widely used internationally. In 2023, 59 % of our evaluated suppliers for production materials were certified accordingly. In 2024, we were able to increase this share to 69 %.

ISO 50001 is less widespread to date. Nevertheless, it is an important tool for IMS Gear in promoting energy efficiency. In 2023, the proportion of certified suppliers was 17 %. In 2024, we were able to increase this figure to 20 %. Even though ISO 50001 is not mandatory and a lack of certification does not result in a deduction of points in the supplier evaluation, we actively record it and consider it a positive aspect in the sustainability assessment. Our goal is to further increase the proportion of ISO 14001 and ISO 50001 certified suppliers in the coming years.

In 2024, we further developed our supplier scorecards to ensure a more comprehensive assessment based on quantitative KPIs more comprehensive assessment based

on social, environmental, and energy-related criteria. Our goal is to map sustainability performance in the supply chain transparently and systematically.

**Suppliers with energy and environmental certifications**  
%-share of production material suppliers



## Supply chain

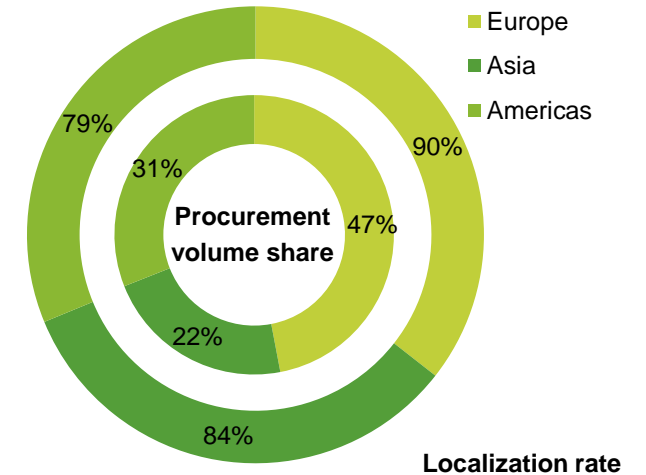
With the introduction of Integrity Next software in 2023, we monitor potential risks in the supply chain using 24 indicators from various sustainability dimensions. In 2024, we further expanded our risk management with IntegrityNext and increased the number of assessments used to monitor our supply chain to 29. This enables us to continuously improve our ability to identify risks at an early stage and take targeted countermeasures. This enables us to comply even more comprehensively with the requirements of the Supply Chain Due Diligence Act while strengthening our commitment to responsible and sustainable procurement. For 2025, we plan to further intensify our work with IntegrityNext in order to fulfill our due diligence obligations even more comprehensively and to further increase transparency along the supply chain.

### The IMS Gear supplier network

IMS Gear's global supplier network comprises around 160 qualified partners who supply us with production-related materials. The most strategically important procurement markets include Germany, China, and the USA. Our purchasing spectrum ranges from raw materials such as metals and plastics to semi-finished products and complex, prefabricated mechatronic assemblies. The portfolio is supplemented by specialty chemicals and various auxiliary and operating materials. Through targeted supplier selection based on quality, cost, and sustainability criteria, we not only ensure a stable supply, but also compliance with the automotive industry's high requirements in terms of reliability, traceability, and series production readiness.

## Procurement of goods from the regions and localization rate

Around 160 suppliers from 18 countries worldwide supply the various locations of the IMS Gear Group. In fiscal year 2024, as in 2023, we sourced 47 % of our purchased parts and raw materials from suppliers in Europe, 31 % from North America, and 22 % from Asia. The share of value added by our suppliers remains at around 42 %. The total localization ratio within the respective regions averages 85 % globally, remaining at the high level of the previous year. Within the individual regions, the ratio is as follows: Germany 90 %, Americas 79 %, and China 84 %. In this way, we continue to strengthen the local economy, optimize transport routes and thereby reduce our CO<sub>2</sub>-emissions. At the same time, we are creating more local jobs. With a wide range of manufacturing capabilities, we not only protect our know-how, but can also control the individual production steps ourselves, thereby ensuring the high quality that characterizes IMS Gear – both in terms of our products and our processes.



## Reliable payment practices towards our suppliers

IMS Gear attaches great importance to working in partnership and trust with its suppliers. An integral part of this relationship is reliable compliance with the agreed payment terms. We aim to settle our invoices on time and within the contractually defined payment terms.

With clearly structured and reliable payment practices, we contribute to stable supply relationships and strengthen cooperation with our partners on an equal footing.

GOV-4 Statement on due diligence

IRO-2 Disclosure requirements in ESRS covered by the  
undertaking's sustainability statement

**Annex**

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# **Additional Disclosures**

# SDG Commitment



In 2015, the United Nations (193 UN member states) adopted the 2030 Agenda, setting 17 global Sustainable Development Goals (SDGs) for socially, economically and environmentally sustainable development. Essentially, the 17 goals are intended to end poverty and hunger, promote prosperity for all, protect human rights and bring peace for all. IMS Gear also wants to take responsibility for society and has explicitly set for itself four goals that can be influenced by our business activities.



## SDG 3: Good health and well being

Occupational safety and the health of our employees is a top priority for IMS Gear. That is why our commitment does not stop at occupational safety, but extends to various areas of preventive health management.

*For details, see chapter: Health and safety*



## SDG 4: Quality education

IMS Gear has relied on well-qualified employees for many years. It is therefore important for IMS Gear to train employees and promote their further education.

*For details, see chapter: Employee development*



## SDG 12: Responsible consumption and production

Resource-efficient products and processes are part of IMS Gear's self-image from both an economic and an ecological perspective. The same applies to closing material cycles in the sense of a recycling or circular economy.

*For details, see chapter: Sustainable products and processes, resource use and circular economy, waste prevention*



## SDG 13: Climate action

The climate crisis is one of the greatest challenges of our time. Accordingly, the topics of decarbonization and energy efficiency are given high priority at IMS Gear. As a result, specific measures are being taken to actively reduce CO<sub>2</sub> emissions.

*For details, see chapter: E1 Climate change and ecarbonization*

# Social Engagement

**IMS Gear prides itself as being part of society. As a socially responsible company, we are committed to social and ecological concerns in our environment.**

We are a member of the Schwarzwald-Baar-Heuberg Chamber of Industry and Commerce (IHK), the Baden Association of Industrial Companies (WVIB) and the Baden-Württemberg Metal and Electrical Industry Association (Südwestmetall). We are also members of the German-Mexican Chamber of Commerce (CAMEXA), Hampton Roads Chamber of Commerce, Greater Hall Chamber of Commerce and the German Chamber of Commerce Abroad in Shanghai (AHK). We are committed to being involved beyond the boundaries of our own business activities. We make donations and support the voluntary work of our employees. In addition, we are also committed to activities beyond the boundaries of our own business. Our donations and support for our employees' volunteer work are aimed at having a positive impact on society. Our donations focus on health, education, sports, culture, and support for local associations. Every year, for example, we renounce Christmas cards and gifts and instead support the work of social projects.

Volunteering is a special form of donation in which IMS Gear provides paid working time to qualified organizations. At our site in Taicang, for example, the IT department refurbishes used company laptops for schools. This allows us to avoid waste and support education in less developed areas of China.

In addition, we carry out a number of social and environmental projects to support the local community and the environment. Here are a few examples from our sites in Taicang and Donaueschingen:

## Camp for Diversity and Equality (Taicang)

Four years ago, the Camp for Diversity and Equality was launched by IMS Gear and the Inclusion Factory in Taicang. The aim was to offer young people an enriching experience during the summer and winter vacations.

The last camp took place at IMS Gear in July 2024. It was divided into two parts: gaining practical experience at the training center and engaging in interesting discussions with our employees.

We are delighted that this program has motivated and empowered young people in the areas of diversity and equality. We look forward to future meetings and more inspiring experiences together.



### Taicang Supports the Community

In addition to continuous training, our trainees also look for opportunities to support society. In 2024, they began supporting local elementary schools.

Based on the 6IMS principles and basic skills, they place particular emphasis on safety, identify potential risks, and implement targeted measures. This commitment not only has a positive impact on society, but also motivates our

trainees by allowing them to put their acquired knowledge and skills into practice.

### Local Project Initiatives in Donaueschingen

During a workshop, our trainees considered how they could make a practical contribution to sustainability as part of IMS Gear. Together, they decided to build insect hotels and nesting boxes. They started with the nesting boxes, which are now hanging around our headquarters in

Donaueschingen. There is now also an insect hotel that provides a home for wild bees, beetles, flies, butterflies, and other insects. Our trainees used a great deal of creativity to work with various materials such as reeds, bamboo tubes, drilled round timbers, and pine cones. And to ensure that the little inhabitants really feel at home, a wire mesh was added to protect them from birds.





**IMS.olympiade**

In 2024, we took part in the social trainee project. Together with the Karl-Wacker-School, we planned a sports action day under the motto "Sport & Exercise." IMS Gear put together an "IMS Olympics" as part of the program to include climbing, yoga, dance, and other sports organized by the Special Education and Counseling Center with a focus on mental development. The Olympics consisted of seven stations, each corresponding to an animal, to give the children a better understanding of motor skills not only in a sporting context but also in a visual way.

For example, children showed off their long jump skills like a kangaroo or raced like leopards in a go-kart race. To promote team spirit, a joint game involving trainees, children, and teachers was held at the beginning and end of the Olympics, which showed that inhibitions were absolutely no issue.

**Technolino education program**

We have been actively involved in the "Technolino" education program run by the employers' association Südwestmetall since 2005. "Technolino" aims to introduce preschoolers to science and technology in a playful way.

To this end, we organize practical visits to our training center tailored to the needs and age group of the children. By completing a technology course with several practical stations, the children can familiarize themselves with technical processes in a playful way. The children are supervised and instructed by our trainees, who – another important aspect – can strengthen their social skills in dealing with children. As part of "Technolino," we maintain a partnership with the Wunderfitz daycare center in Donaueschingen.





# Water consumption

**Water: a Precious Resource**

The value-added processes installed worldwide at IMS Gear are inherently very water-efficient. In addition, production-related water consumption is limited to comparatively small quantities for unavoidable cooling processes, which are usually carried out in closed circuits. Initiatives for more efficient water use and reduced consumption of drinking water for cooling our processes

have already been implemented.

We fulfill our responsibility to use water sparingly, especially in the water risk areas mapped by the World Resources Institute in its Aqueduct Water Risk Atlas. This includes our site in Querétaro, Mexico, which is classified as very high risk according to Aqueduct.

Although the issue of water consumption has not been identified as material, it will continue to be monitored as part of our sustainability initiatives.

Water consumption has been significantly reduced in recent years. In 2024, we were also able to reduce absolute consumption and water intensity.

**Water consumption**

in m³

	2022		2023		2024	
IMS Gear Group	57,723		54,342		51,578	
Therof, consumption in areas with high water stress	4,312	7 %	2,552	5 %	2,396	5 %

**Water intensity**

in liters/€ value added

	2022		2023		2024	
IMS Gear Group	0,18		0,16		0,16	

# Imprint

If you have any further questions, please do not hesitate to contact us:

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