

SUSTAINABILITY REPORT

**2023**

**GEARing up for  
Sustainability**

**IMS:GEAR**

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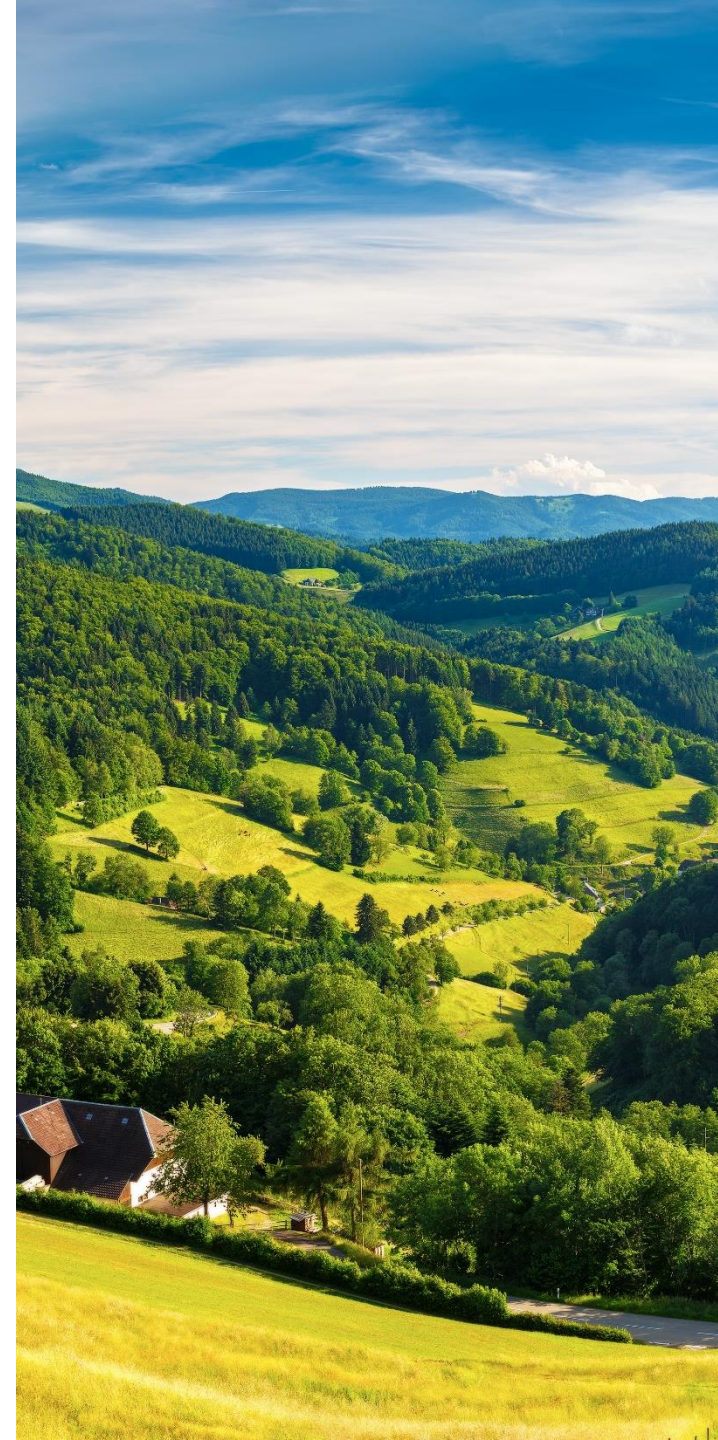
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# FOREWORD

Dear readers,

In the context of climate change and in a highly dynamic and competitive market environment characterized by upheaval, sustainable action by companies is becoming increasingly important. IMS Gear is rising to this challenge. As a family business that has developed from a supplier to the local watch industry to an international specialist in gear and drive technology since its foundation in 1863, we at IMS Gear think and act in the long term. In terms of sustainable development, we have always focused on long-term, lasting success.

Economic success and ecological and social thinking and action go hand in hand. Our company's key principles include the careful, environmentally conscious use of finite resources and the respectful, appreciative treatment of our employees. The same applies to our external relationships with our partners, above all our customers and suppliers.

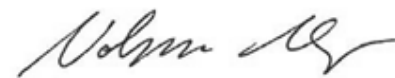
In 2022, we developed a sustainability strategy for IMS Gear in order to do justice to the great importance we attach to sustainability in our company and to bundle and further intensify our diverse commitment to date. This includes anchoring the three fundamental pillars of environment, social and economy in the corporate vision, defining targets for the various fields of action, establishing organizational structures to enable the projects to be put into practice, and the actual implementation.

As far as this implementation of the milestones on our path to becoming a sustainable company is concerned, we have already reached important milestones for CO<sub>2</sub> reduction in 2023 and are therefore on schedule with the roadmap set out in our sustainability strategy.

In order to have a comprehensive impact, sustainability must ultimately relate to all products, processes and the entire organization, as well as the culture of a company. As the Executive Board, we see ourselves in a permanent role as drivers of this topic at IMS Gear, particularly with regard to the corporate culture. Internally, we have initiated the change and the mindset towards an even greater awareness of sustainability and are working towards perpetuating this attitude in the long term. Because one thing is clear: we can only make a substantial contribution to sustainable development and fulfill our responsibility as a company with a shared understanding and the interaction of all forces.

In this report, you can find out what steps we at IMS Gear have taken on our holistic path to sustainability in 2023. We hope you find it an informative read.

Your Executive Board



Wolfgang Weber



Bernd Schilling



Aleš Stárek



# Company & Strategy



„Harmonizing the environment, social issues and the economy- that's what it's all about. For us at IMS Gear, sustainability also means making concrete progress in reducing our ecological footprint. This is how we measure ourselves.“

Samuel Matthäus (Director  
Sustainability)

# COMPANY PORTRAIT

## COMPANY & STRATEGY

### PRODUCTS & RELATED PROCESSES

**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.**

### SUPPLY CHAIN

### ENVIRONMENT

With our engineering solutions for components, modules, and transmissions, we are a permanent fixture in the automobile industry. 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.

### PEOPLE

### SOCIETY

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.

### ADDITIONAL DISCLOSURES

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.





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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.

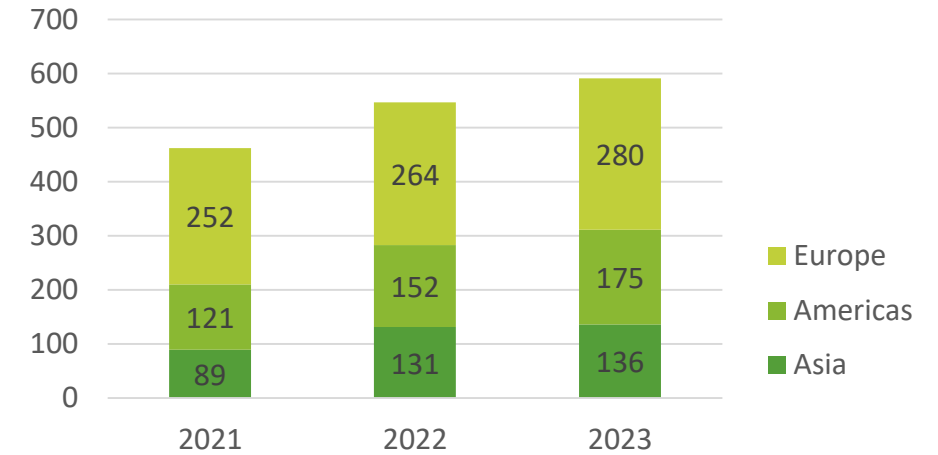
After generating roughly EUR 545 million in revenue in the previous year, IMS Gear took grew to EUR 591 million in 2023.

IMS Gear currently employs approximately 3,200 people worldwide. 1,700 of them in Germany, 850 in North America, and 650 in China.

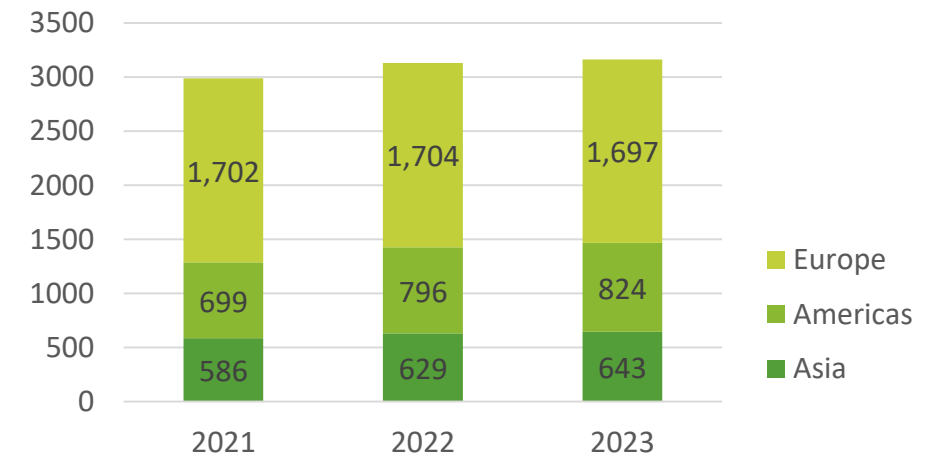


Headquarters and Technology Center in Donaueschingen

**Sales IMS Gear Group**  
in EUR million / year



**Associates IMS Gear Group**  
Headcount



# SUSTAINABILITY STRATEGY

## COMPANY & STRATEGY

### PRODUCTS & RELATED PROCESSES

IMS Gear attaches great importance to sustainability and made it part of its vision in 2022. This is an explicit expression of our active contribution to a sustainable future: „We take responsibility for future generations”.

### SUPPLY CHAIN

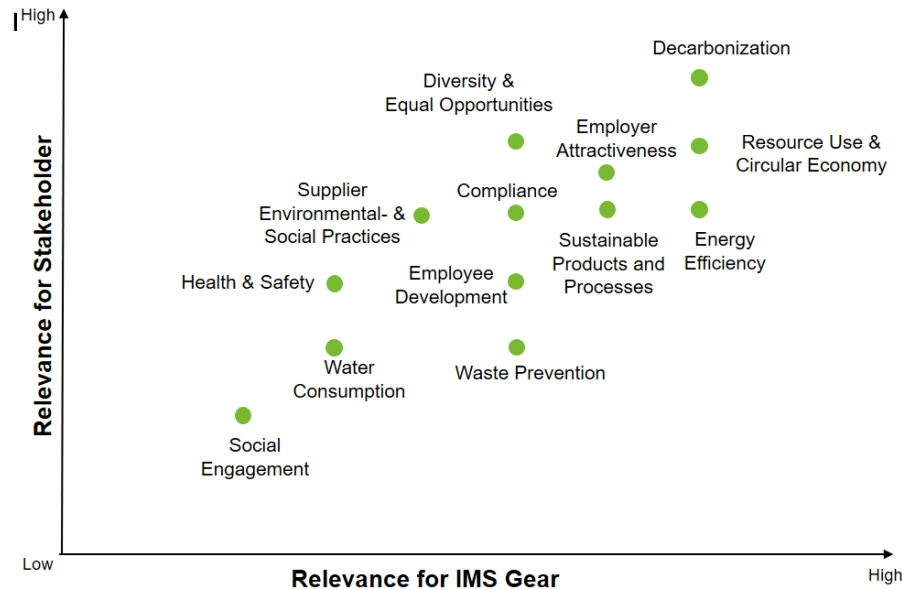
### ENVIRONMENT

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In 2021, we worked with an external consultancy firm to identify the material topics for the first time. Last year, we used a materiality analysis to determine which aspects of sustainability to focus our activities on. This was based upon a precise analysis of our stakeholders, their concerns, and requirements for IMS Gear.



We also analyzed which topics IMS Gear can have a significant influence on. This materiality matrix will also remain valid in 2023.

The matrix below shows the areas of action identified as material for IMS Gear and its stakeholders. The results of this analysis also form the basis for the selection of topics in this sustainability report. IMS Gear's sustainability management is divided into five strategic fields. These were assigned fields of action with clear responsibilities defined. The sustainability strategy forms the basis. Consistent communication is paramount.

Communication				
Products & related Processes	Supply Chain	Environment	People	Society
Sustainable Products	Supplier Social Practices	Energy Efficiency	Employer Attractiveness	Social Engagement
Sustainable Processes	Supplier Environmental Practices	Decarbonization	Employee Development	Compliance
Material Compliance		Resource Use & Circular Economy	Health & Safety	Stakeholder Dialogue
		Waste Prevention	Diversity & Equal Opportunities	
		Water Consumption		
<b>Management   Strategy</b>				
Steering, Reporting & Audit		Organization & Structure		

# TARGET IMAGE

## COMPANY & STRATEGY

### PRODUCTS & RELATED PROCESSES

IMS Gear continues to pursue its specific sustainability goals. We have already defined key figures and targets for each strategic area in 2022, which we use to measure progress in the area of sustainability.

### SUPPLY CHAIN

### ENVIRONMENT

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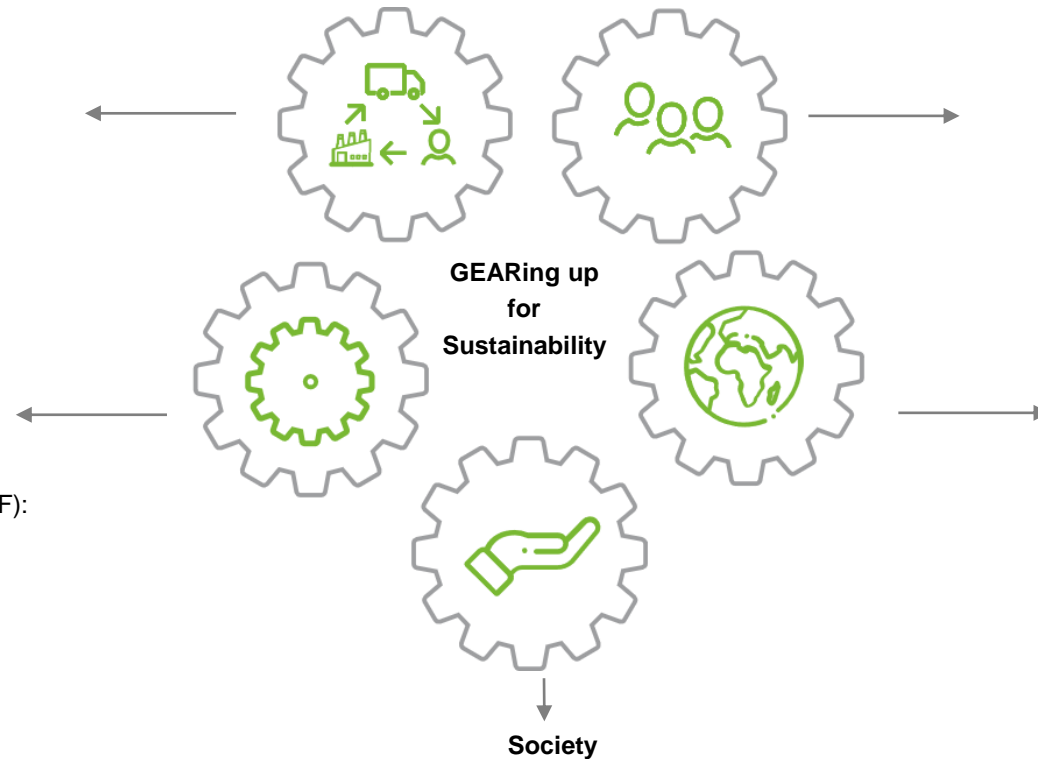
### ADDITIONAL DISCLOSURES

#### Supply Chain

Percentage of signed supplier codes of conduct: 2024 >= 80%

#### Sustainable products and processes

Top 5 products:  
Product Carbon Footprint (PCF): improvement of 20% vs. the baseline year 2021 by 2030



#### People

Fluctuation : 2026 <= 12%  
Work related injuries: 2026 <= 1.5 Incidents/200,000 hours

#### Environment

Scope 1&2: CO<sub>2</sub>-neutral by 2035  
Scope 3 upstream\*: CO<sub>2</sub>-neutral by 2040  
Energy intensity: improvement of 20% vs. the baseline year 2021 by 2030  
Percentage of secondary materials: 25% by 2025  
Intensity of water consumption: improvement of 10% vs. the baseline year 2022 by 2030  
Waste intensity: improvement of 20% vs. the baseline year 2022 by 2030

**Society**  
Compliance training: annually 98% of employees receiving training

EcoVadis rating: 2025 >= 60 points

\*Adjustment compared to previous year. Focus on the significant Scope 3 categories.



# SUSTAINABILITY MANAGEMENT

## COMPANY & STRATEGY

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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. The basis for this is 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. He 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 2023, we achieved our target for 2025 ahead of schedule with 62 points and therefore a silver medal. Last year, we were still at 53 points. We also report on the CDP and NQC platforms.



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. 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 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.



# SDG COMMITMENT

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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 at work*



**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: Products and related Processes, Circular economy and waste prevention*



**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 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 CO2 emissions.

*For details, see chapter: Energy efficiency and decarbonization, supply chain*

# STAKEHOLDER

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**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 dialog with all interest groups. Because only through a cooperative and

intensive exchange with them, we can 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 the way in which we are in contact and communicate with them.

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

Stakeholder	Dialogue format
Shareholder	Supervisory Board meetings, Annual General Meeting, personal exchange
Customers	Direct contact with customers through our sales department, customer portals, supplier surveys from customer, workshops, co-engineering
Employees	Employee surveys, IMS.dialogue yearly appraisal, CEO all-employee talks, yearly Information Meeting
Suppliers	Direct contact with suppliers through purchasing function, supplier self-assessments, supplier surveys, supplier evaluation, supplier platform
Financial institutions	Direct contact, meetings, loan negotiations, reporting
Policymakers	Direct contact with government departments through dialogue, requests and inspections
Civil society and local stakeholders	Direct contact with NGOs and education/research community, press conferences
Educational institutions	Direct contact with high schools / universities, fairs, project-related research work
Networks and associations	Participation in chambers of commerce, forums and events, memberships of initiatives and associations

# COMPLIANCE AND GOVERNANCE

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

To this end, we have clearly defined our position 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 indispensable 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 2023, 8 reports were processed due to a breach of the Code of Conduct. There were 4 reports in the previous year. All breaches 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. This guideline is specified in corresponding organizational instructions and thus broken down to the operational level.

The Code of Conduct also includes respect for human rights and the prohibition of forced or child labor. We also include our business partners in this claim (Code of Conduct for Suppliers, see chapter Supply chain).

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

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### 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 2023, we achieved 97% for these Group as a whole. In the previous year, we were at 95%<sup>1</sup>, in 2021 only at 93%<sup>1</sup>.

Special training on bribery and corruption was introduced for HR, Sales, Controlling, Purchasing and Accounting in 2023. 160 employees were designated for this training, all of whom have completed it. This training will be repeated every two years.

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) 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 2023. 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.

### Responsible Corporate 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

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.

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.

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.

Additional details on the Supervisory Board and Executive Board can be found in the latest annual report.

The Code of Conduct governs conflicts of interest and therefore applies to the senior management board.



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**Risk Management**

IMS Gear SE & Co. KGaA does business both in Germany and outside Germany. As with any company, it's international nature creates a wide variety of opportunities and risks. The selective control of risks and opportunities is an essential prerequisite for long-term success. That is why we assign a high degree of importance to managing risks and opportunities as part of our corporate governance.

To supplement our risk and opportunity management system, we have installed an internal control system (ICS), which exists in the form of an electronic Management Handbook published for the entire company and group and is available online.

Additional details on our risk management system and a description of the key risks can be found in the latest annual report.





# Products & Related Processes



"Reducing the carbon footprint of our products is a goal that we are working towards in close collaboration with customers and partners: With sophisticated calculation models, technological expertise, innovative strength and passion, we optimize the PCF - sustainably and effectively."

Stefan Scherer (Development Engineer)

# PRODUCTS & RELATED PROCESSES

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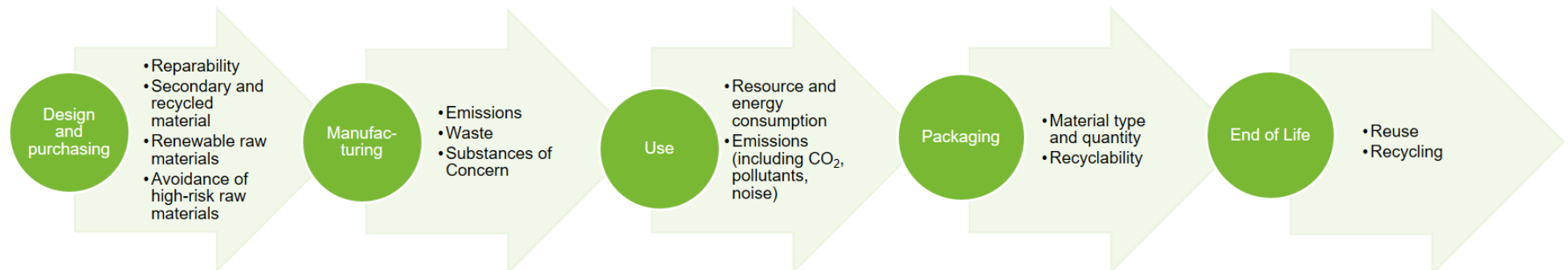
## We develop products according to the "cradle-to-grave approach" (Eco.Design)

Environmental aspects are anchored in the development of new products in the various phases of the product creation process. The development of sustainable products includes the consideration of ecological, social and economic aspects in order to create more environmentally friendly and socially acceptable products. This primarily includes the selection of materials and product design with the associated production processes. Life cycle management also includes consideration during and after the use phase in conjunction with transparent communication.

Using product-specific checklists, an in-house standard linked to the design guidelines helps to monitor and objectively evaluate the product life cycle with regard to all relevant aspects in the individual process steps. The criteria are based on ISO 14006.

Digitalization also accompanies the ecological development process and makes a decisive contribution to the implementation of a decarbonized, resource-efficient circular economy and the management of complex ecological systems.

In the "Products and associated processes" strategy area, the action areas of sustainable products, sustainable processes and material compliance are defined and explained in the following section.



# SUSTAINABLE PRODUCTS

## COMPANY & STRATEGY

### PRODUCTS & RELATED PROCESSES

#### Research and development for a sustainable future

***Our aim is to develop and produce products that are energy-efficient, environmentally friendly, sustainable, fulfills the purpose, repairable, reusable, and recyclable through the intelligent use of non-polluting and sustainable resources - with the greatest possible benefit for everyone involved along the value chain, with minimal impact on the environment and under socially fair conditions for everyone involved in the process. In future, IMS Gear will determine CO2 emissions according to a recognized calculation model so that the environmental impact of our products can be checked and sustainably reduced from cradle to grave...***

### SUPPLY CHAIN

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Innovation is one of our greatest strengths; we are already working on tomorrow's technologies today. The associated issue of sustainability is not only highly relevant within our company, but is also becoming increasingly important for our customers and suppliers.

In line with technological progress, the demands on companies worldwide to make their contribution to environmental and climate protection have also increased in recent years. From development to production and logistics, energy generation and consumption, emissions monitoring and the most efficient use of resources - the requirements are very high in all areas of industry and are being monitored more and more stringently.

It is our employees who live IMS Gear's culture of innovation in their daily work. They take a holistic approach to challenges and tasks, particularly in the strategic fields of the future, and literally look beyond their own horizons.

With our "Eco.DesignCheck" initiative, we also support our customers in minimizing negative effects on the environment. We provide valid statements about the CO2 emissions of our products and subject them to a continuous optimization process. Resource-conserving, recyclable, innovative: to ensure the transition to products that are as CO2 -neutral as possible, all partners involved in the value chain will undergo a transformation process.

To enable us to objectively assess the effectiveness of all these measures, we have integrated an assessment process into our product development process (PDP) that puts our products to the value stream-based ecological test as early as the development phase. The criteria for this are provided by an internal in-house standard, which takes into account the sustainability aspects of new product and process developments in our design guidelines. Particular attention is also paid to the manufacturing processes, logistics and distribution, the use phase and the subsequent recycling of our products. To this end, we also use tools that transparently and certifiably identify the carbon footprint of our products and the associated processes, which in turn form the basis for further forward-looking, ecological optimizations.

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In the fields of braking and steering, our electro-mechanical power steering systems and brake boosters already noticeably reduce the fuel consumption of conventional, combustion-based vehicles. Our components and products also prevent the introduction of hazardous substances in the form of hydraulic fluids that are no longer required. In the 2021 financial year, we systematically developed these two product fields to enable future, highly automated driving from a sustainability perspective.

As far as fossil or eFuel-powered combustion engines are concerned, we have developed lightweight mass balancer shaft drives in the Engineering application area. They increase the smooth running and comfort of small-volume and therefore low-emission combustion engines, which also reduce vehicle weight, thus making an additional contribution to reducing the CO<sub>2</sub> footprint.

Our aim is to generate model-based parameter recommendations for process optimization as early as the product development phase. This eliminates the need for material- and therefore raw material-intensive sample part studies for plastic-based products. In addition, by determining the physical material properties in detail in our laboratory, we can increase the power density of our products, which in turn intensifies lightweight construction, reduces material consumption and consequently minimizes the CO<sub>2</sub> footprint of our products in the usage phase.

This approach is what makes constant simplification, lightweight construction and the use of ecologically sustainable, resource-saving materials in the field of our industrial applications possible in the first place. For example, the range of our modular construction kit for planetary gearboxes allows us to select drive solutions to meet specific requirements. Combined with the use of sustainably recyclable raw materials, this reduces material consumption and in turn makes a significant contribution to the circular economy. With this in mind, we pursue the following over the utilization phase in addition to our projects, we also pursue other ecological approaches such as remanufacturing and reuse by striving for targeted take-back agreements.

We have also launched so-called "lighthouse projects". One example of this is the development of an environmentally friendly "minimalist" actuator for locking systems. Through the targeted selection of ecologically sustainable plastics and in conjunction with their joining technology, we ensure that they can be completely dismantled and that the valuable raw materials they contain can be recycled and reused. In specific examples, these measures lead to a product-specific reduction in CO<sub>2</sub> emissions of up to 65%.

The creative freedom of our highly qualified employees in the preliminary and series development of products and processes leads to sustainable innovative strength and thus to unconventional approaches and solutions that are reliably protected by a large number of patents and utility models.



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Overall, it can be said that Sustainability is already a firmly anchored component of our processes in the development of our products and also includes the cooperation of the suppliers involved and their subcontractors. We will gradually expand the "cradle-to-gate approach" that still prevails today into a certifiable "cradle-to-cradle approach" in view of the "Digital Product Passport", which is expected to become mandatory by law. However, this requires end-to-end transparency and digitalized collaboration between all partners involved in the value stream. This is the only way to realize the philosophy of a closed-loop economy.

***„We are already preparing for this now...“***

### Digitalization reduces the ecological footprint.

Digitalization offers numerous opportunities for sustainable development. Software models and digital twins form an innovative toolbox for achieving sustainability goals and enable the optimization of product design as well as value and logistics chains, which can save resources. The permanent recording of product and process data, its archiving and intelligent AI-based analysis not only enables the traceability of safety-relevant products, but also puts us in a position to diagnose them more precisely, carry out systematic monitoring and recognize complex changes in their entirety at an early stage and take them into account projected into the future. This also makes a significant contribution towards ecologically sustainable products.



Enabling a sustainable future requires both the sustainable development of products and the associated digitalization. This is because the use of digital technologies can support and accelerate sustainable development in many areas. It is also important to make digital processes and technologies themselves more sustainable.

In addition, digitalization can make a decisive contribution to the implementation of a decarbonized, resource-efficient circular economy, the energy transition and the management of complex ecological and social systems. This is the only way to give sustainable development an additional boost through the dynamics of digitalization and bring the two major transformations together.

The key to designing products and manufacturing processes sustainably lies in the holistic digitalization of company processes. Comprehensive data models digitally map the manufacturing process from the initial idea sketch to the finished product as well as the entire product usage phase, including recycling.

By using a "digital twin", the way in which products are developed and manufactured can be rethought from the ground up. The digital twin is a virtual image of a "real object" and is continuously fed and compared with data from the "real world". Relevant parameters can already be taken into account in the early development phase and adapted as required. Even before a real product exists, it can be simulated and tested in the virtual space using appropriate software to observe how it will behave later.

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Tests with physical prototypes, which would be necessary in each individual development step, are reduced to a minimum. This not only saves time and costs, but also natural resources and avoids waste that is often difficult to recycle and which is created by the unusable prototypes.

Additive manufacturing is considered a sustainable technology of the future because it allows components to be produced in a particularly resource-efficient manner and makes an additional contribution to sustainability. This reduces the need for raw materials. It also eliminates the need to develop and create test tools, particularly in the prototype phase.

Additive spare parts production also makes a significant contribution to waste avoidance in the context of upcycling and recycling.

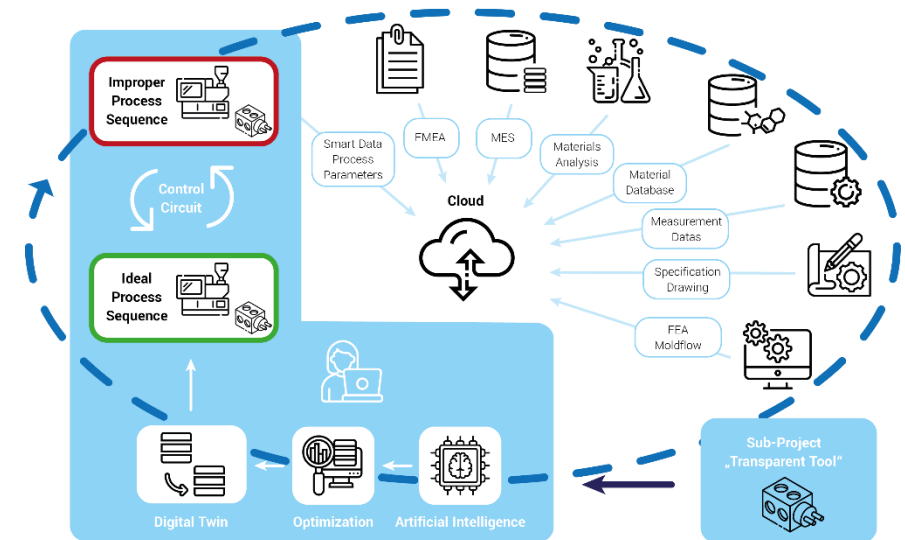
On the other hand, it should be noted that although the use of digitalization provides solutions for a large number of fields of action in sustainable development, such as environmental and climate protection, it can in turn also have a negative impact on the environment and climate protection through increased energy and resource consumption due to increased CO<sub>2</sub> emissions and environmental pollution.

Particularly in light of the rapid development and spread of new digital applications such as cloud computing, Industry 4.0, streaming, artificial intelligence and digital twins, the enormous electricity consumption associated with them urgently needs to be limited. This requirement applies even if the required electricity can be covered by renewable energies. For this reason, unnecessary expenditure on the storage, transmission, evaluation or processing of data must at least be significantly reduced and, at best, completely avoided.

Material development also plays a key role in the sustainable design of products. Lower material consumption, the substitution of non-sustainable raw materials and a longer service life for components create great added value here.

Material development also plays a key role in the sustainable design of products. Lower material consumption, the substitution of non-sustainable raw materials and a longer service life for components create great added value here.

The focus is also on approaches for more sustainable commissioning and digital trial operation, which, as already mentioned, make it possible to dispense with physical prototypes and pre-series production test runs.





# SUSTAINABLE PROCESSES

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**Sustainable processes require close cooperation between R&D and industrial engineering.**

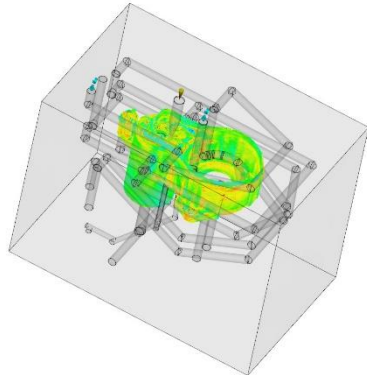
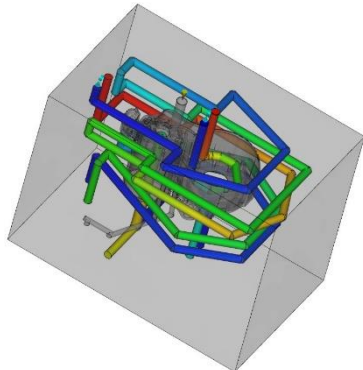
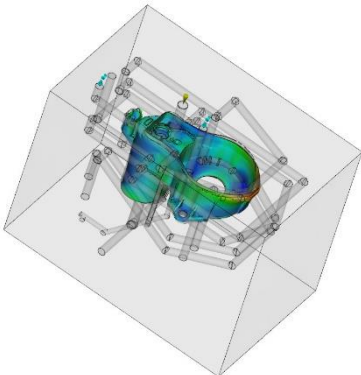
The framework conditions for a sustainable process design are already significantly influenced during material selection and part design. For this reason, there is a close exchange between the two areas at IMS Gear. Software models are used as early as the product development stage to virtually simulate the subsequent process and thus ensure a production-oriented design (design to process) at this stage.

In future, we will determine the expected CO<sub>2</sub> footprint at this stage so that we can make further optimizations as early as possible. Where sprues in the plastic injection molding process cannot be avoided from a technical point of view, we rely on closed-loop production and recover valuable, high-quality raw materials. In Industrial Engineering, we configure machines whose energy consumption is significantly reduced through the use of the latest technologies. In metalworking, we are increasingly focusing on forming processes in order to minimize the use of resources.

As for the equipment and injection molding tools we produce in house, IMS Gear places high value on durability in order to avoid or reduce the need to use resources to procure replacements. Efficient maintenance and overhaul can further extend the service life of the systems and tools. Our self-built systems are increasingly equipped with consumption-optimized electric drives in order to reduce the energy-intensive use of compressed air. The energy consumption of the systems can be further optimized by installing digital meters.

We are already implementing a high degree of digitalization in the value chain when creating our systems and tools; for example, we have been relying on paperless production for years.

Industrial Engineering attaches great importance to close cooperation with institutes, universities and research facilities in order to keep abreast of the latest developments in sustainability.



# MATERIAL COMPLIANCE

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***IMS Gear pursues the goal of complying with all relevant material requirements resulting from laws, public standards and customer-specific requirements as well as from its own guidelines and taking them into account when selecting materials as part of the eco-design.***

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In addition to quality, functionality and safety, compliance with applicable laws, such as environmental regulations, is a key feature of our products. The material compliance regulations drawn up by legislators to date are aimed at protecting people and the environment from harmful substances, preventing the uncontrolled extraction of protected wood species and curbing the financing of warlords (warlords in crisis regions) through illegal extraction. If the material compliance requirements are not met, the product does not meet our quality standards.

PEOPLE

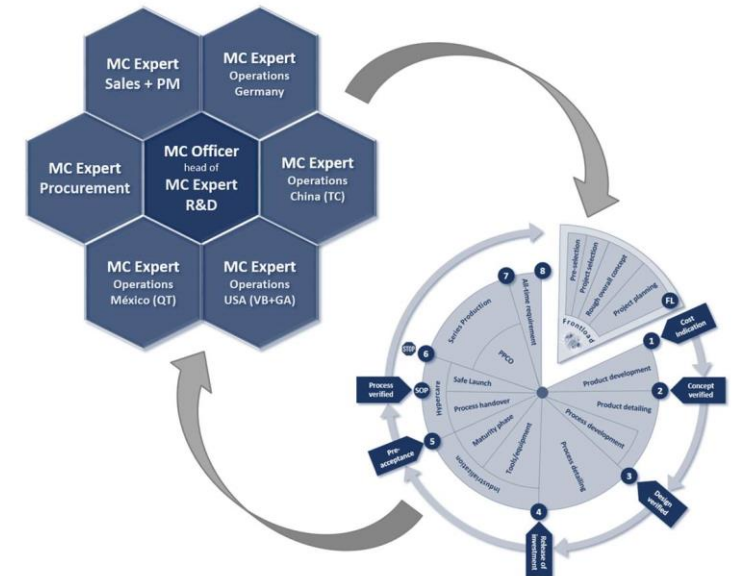
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As a globally operating and producing company, IMS Gear is subject to a large number of normative and legal requirements for environmental protection, compliance with which is a matter of course for us. These include the European chemicals regulation REACH and the EU directive on the restriction of hazardous substances in electrical and electronic equipment (RoHS). We reduce the use of harmful and hazardous substances to a necessary minimum, comply with legal requirements and strive to minimize the impact on people and the environment. The legal and normative requirements, as well as the requirements we have imposed on ourselves, are reflected in an in-house standard that we provide our suppliers with as a contractual basis for compliance.

In addition to the legal requirements, we carry out comprehensive inventories of all critical chemicals in regular cycles. 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 that these normative and legal requirements are met, IMS Gear has implemented a global group of experts. This committee takes on the aforementioned requirements throughout the entire product development process (PDP), monitors, analyzes and processes them on a project-specific basis and takes corrective action if necessary.



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To this end, IMS Gear uses accredited software tools that check the plausibility of the mandatory reporting and notification requirements in IMDS and SCIP in advance in order to be able to declare the chemical composition of components with a view to their subsequent recyclability. With the help of the so-called 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 requirements in terms of material compliance, we have developed an IMS Gear-specific recommendation for action that facilitates the handling of the aforementioned in-house standard. This guideline is also available to our suppliers.



Despite globally harmonized environmental regulations and laws in many cases, regional and individual legislation that deviates from the standard must also be taken into account, particularly in the context of so-called banned substances.

However, with these measures, IMS Gear is not only aiming to comply with applicable guidelines, standards and legislation. In this context, we also endeavor to prophylactically avoid substances that are suspected of being potentially hazardous to health during the development phase of new products as part of the Eco.DesignCheck and to substitute them in products that are already in series production.

A current example of this: In recent months, we have replaced so-called environmentally hazardous substances from our plastics with harmless blends, insofar as their use was feasible and the substitute substances are available.

# Supply chain



„Sustainability is very important to us in purchasing. We are convinced that sustainable structures are not only have a positive impact on supply chains, but also create long-term global added value.“

Harald Schumpp (Director Purchasing  
- Production Material)

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# SUPPLY CHAIN

## SUPPLIER SOCIAL AND ENVIRONMENTAL PRACTICES

**IMS Gear makes its procurement of raw materials and products as efficient as possible throughout the company to conserve resources. We take both internal and external sustainability requirements on supply chains into account.**

Because we know the only way for us to be successful is if our partners are successful, we are transparent, fair, and dependable in our interactions with them. We, of course, count our suppliers among our partners, not least of all because a company, when viewed systematically, is able to function smoothly only when there are no flaws in its supply chain.

The sustainability requirements within our supply chain are coordinated by the Strategic Procurement department. The starting point for compliance with the sustainability requirements is our Supplier Code of Conduct. This Code of Conduct and all our general terms and conditions of purchasing state our basic understanding of partnership and collaboration in addition to our rules concerning issues of compliance as well as environmental and social standards. Our terms and conditions of purchasing serve as the basis for contractual agreements with our suppliers. As a substantial part of these agreements, our suppliers also commit to making the same requirements binding on their subcontractors.

Acceptance of the IMS Gear Code of Conduct, in which we outline our high demands on social, ethical, and environmental standards, is a fundamental prerequisite for continued partnership. Our Code of Conduct itself is based on the quality management guidelines of the automotive industry laid out in IATF 16949.

### Requirements of IMS Gear Suppliers

Our Code of Conduct contains rules governing the following issues:

- Human rights: prohibition of forced labor and child labor, promotion of equal opportunity, protection from discrimination, and freedom of association
- Labor conditions: working hours, vacation days, as well as occupational health and safety
- Ban on corruption and bribery
- Free and fair competition
- Data protection and confidentiality
- Environmental and climate protection

Our target for 2024 is ambitious: We aim to increase the proportion of suppliers who sign the Code of Conduct to 80% in terms of purchasing volume. This target reflects our strong commitment to sustainability and ethical business practices. In 2023, we sourced 24% of our purchasing volume from suppliers who have signed this code.

Sustainable procurement within our supply chain is of crucial importance to us. Through systematic training, we firmly integrate sustainable procurement practices into our processes. In 2023, 33% of strategic buyers were already trained in this area. This proportion will be increased in future through further training measures. This not only promotes environmental and social responsibility, but also lays the foundation for long-term economic sustainability.

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**Supplier registration and evaluation**

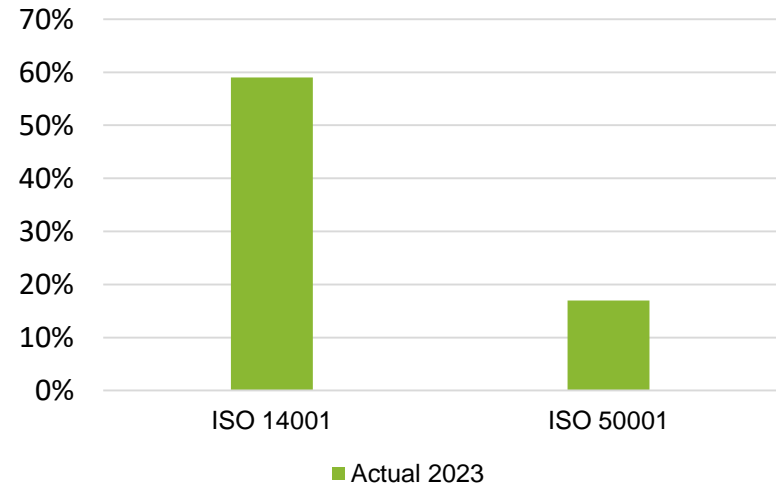
IMS Gear attaches great importance to compliance with the ISO 14001 and ISO 50001 standards when selecting suppliers. These standards pursue both different and common objectives: ISO 14001 focuses on reducing environmental impacts by minimizing waste, resource consumption and pollution. ISO 50001 aims to improve energy efficiency. Both standards make a significant contribution to combating climate change and conserving resources. In 2023, 59% of our selected and assessed suppliers for production materials met the requirements of ISO 14001. For ISO 50001 certification, the proportion of suppliers in 2023 was 17%.

In 2023, we intensified our efforts to develop standardized supplier scorecards that are based on quantitative key performance indicators (KPIs) and enable a comprehensive assessment of suppliers. In addition to social aspects, the criteria for the environment, hazardous substances and carbon footprint are also recorded. IMS Gear continues to pursue a clear course towards sustainability and is consistently committed to ensuring that the majority of our suppliers meet the standards for environmental management and energy efficiency. This is a decisive step towards minimizing our own environmental impact and contributing to global climate protection. In 2024, we plan to fully roll out these enhanced scorecards to track sustainability efforts along our supply chain even more effectively.

With Integrity Next, we introduced a software system in 2023 to monitor risks that can arise in the supply chain using 24 indicators from different dimensions. This enables us to comply with the due diligence obligations arising from the German Supply Chain Due Diligence Act.

**Suppliers with energy and environmental certifications**

% share of production material suppliers





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**The IMS Gear supplier network**

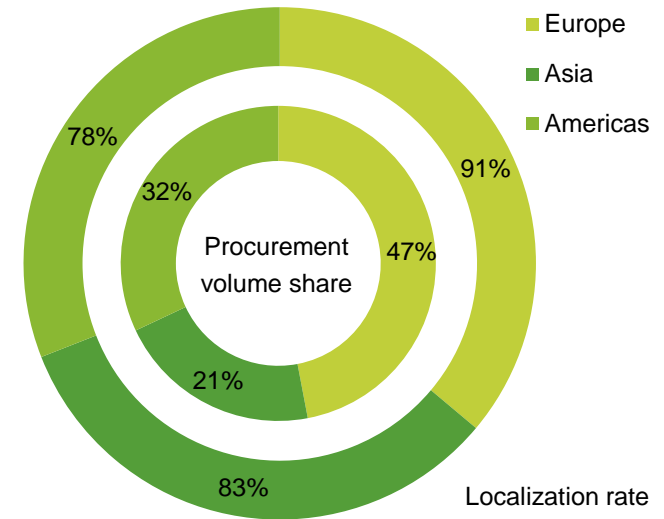
For our production materials alone, our network comprises around 160 suppliers. The most important sourcing countries are Germany, China and the USA. We procure raw materials, such as metals and plastics, as well as semi-finished products and prefabricated components - from simple plastic parts to complex mechatronic assemblies. In addition, we obtain special chemicals and other auxiliary and operating materials.

**Goods sourced from the regions and localization rate**

Around 160 suppliers from 17 countries worldwide supply the various locations of the IMS Gear Group. In the 2023 financial year, we sourced 47% of purchased parts and raw materials from suppliers in Europe, 32% from North America and 21% from Asia. The value-added share provided by our suppliers is around 42%. The overall localization ratio within the of the respective regions is 85%, last year we were at 84%. In this way, we strengthen the local economy, optimize transport routes and thus also reduce our CO<sub>2</sub> emissions. At the same time, we are creating more local jobs.

With a wide production range, we not only protect our know-how, but can also control the individual production steps ourselves and thus guarantee the high quality that is characteristic of IMS Gear - both in terms of our products and our processes.

**Share of procurement volume and localitation rate**



**Conflict minerals as a particular challenge**

Our suppliers must confirm to us the conflict-free origin of the metals used in our products. We use the internationally standardized Conflict Minerals Reporting Template (CMRT) form for this purpose and monitor the returns with software support. If we discover that suppliers are using conflict minerals, we insist on switching to conflict-free metals as quickly as possible.

# Environment



„Our many years of experience in energy management show us the potential and now serve as a reliable guide on the path to CO<sub>2</sub> neutrality.“

Markus Welte (Energy Manager)

# ENVIRONMENT

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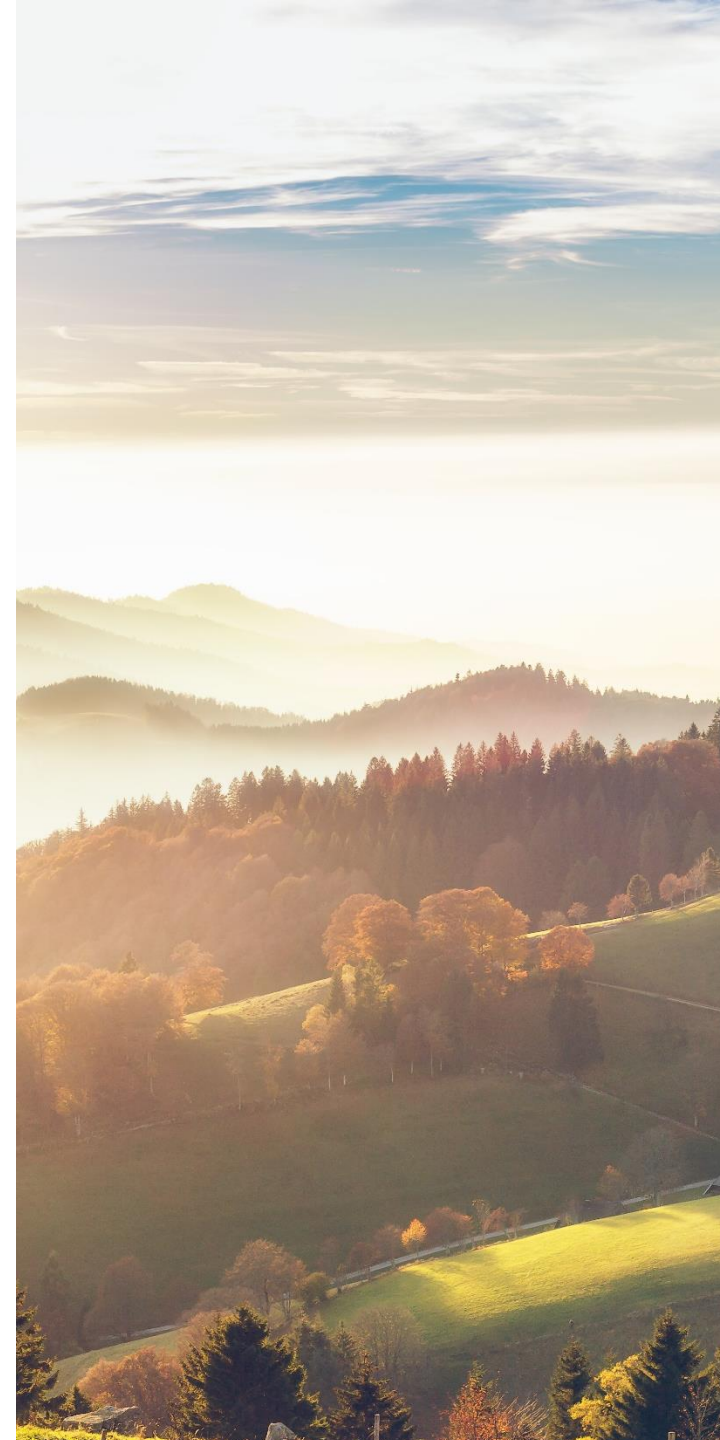
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**IMS Gear's activities should have as little impact on the environment as possible.**

Our environmental and energy policy forms the basis for the careful use of natural resources and the continuous reduction of our company's ecological footprint.

In order to ensure this continuous improvement of environmental impact in the long term, we have continuously increased the number of sites that maintain an ISO 14001-certified environmental management system in recent years. As of the end of 2023, these encompasses our plants in Germany, China, and Mexico, as well as the site in Gainesville (USA). We have initiated the certification process for the Virginia Beach (USA) site. At the German sites, we also maintain an energy management system in accordance with ISO 50001.

Global warming is one of the greatest challenges of our time. Accordingly, the reduction of CO<sub>2</sub> emissions was given high priority in the development of our sustainability strategy. In the areas of energy efficiency and decarbonization, we are developing solutions that result in a measurable reduction in our CO<sub>2</sub> emissions. In addition, IMS Gear is also providing positive impetus in other areas and has created the additional action areas of resource use & circular economy, waste prevention and water consumption within the environment strategy field. This ensures that concrete work is carried out on all topics identified as material in order to minimize the environmental impact of our business activities.



# ENERGY EFFICIENCY AND DECARBONIZATION

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### Our path to climate neutrality

We take responsibility and make our contribution to achieving the goals of the Paris Climate Agreement. In 2022, we set the goal of achieving CO<sub>2</sub>-neutral production within our own business units (Scope 1 & 2) by 2035. To achieve this goal, an international team is working on specific reduction plans across all IMS Gear locations in the "Decarbonization" field of action. We consider it an important contribution to climate protection to reduce energy consumption as much as possible. That is why our first step towards climate neutrality is to increase energy efficiency as a result of an effective energy management system.

In the second step, we rely on renewable, CO<sub>2</sub>-neutral energies wherever their use is possible. Only when these two steps have been fully exhausted will the remaining CO<sub>2</sub> emissions be offset on the basis of certified standards.

### Energy efficiency

After laying the foundations for recording company-wide CO<sub>2</sub> emissions for Scope 1 & 2 as a first step, we set up an energy team networked across all global locations in 2022. This team identifies the proven activities and experiences at the respective locations in the sense of "best practice sharing" and

transfers them to the other sites. In this way, sites that are not yet certified to ISO 50001 benefit from the experience of sites that are already certified.

### Energy Consumption

IMS Gear Group, in MWH

	2021	2022	2023
<b>Fuels<sup>1</sup></b>	1,874	1,811	<b>1,651</b>
<b>Heating oil</b>	1,168	929	<b>963</b>
<b>Gas<sup>1</sup></b>	11,457	10,659	<b>9,276</b>
<b>Electricity</b>	102,011	103,905	<b>103,889</b>

### Energy intensity

in KWH/T€ Value added

	2021	2022	2023
<b>IMS Gear Group<sup>1</sup></b>	399	363	<b>348</b>

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For many years our German sites consistently recover heat from the process waste heat generated during production. In 2023, significant energy savings were achieved through targeted optimizations, particularly in the area of temperature control in our injection molding processes.

When establishing future production processes, we can have a direct influence on energy efficiency thanks to the close integration of product and process development within our own company. In line with our strategy "Innovation secures the future", we focus on energy-saving processes from the outset when defining the ideal production processes within our Industrial Engineering departments.

In order to be able to assess the climate impact of our products at a very early stage of development, we have all the necessary processes and tools in-house to determine the product carbon footprint (PCF).

**Decarbonization through the use of renewable energies**

With the implementation of our sustainability strategy and its increasing integration into company processes, the importance of renewable energies has increased significantly. This relates both to the purchase of electricity from renewable sources via our energy service providers and to our own generation of electricity from renewable sources.

In order to switch to CO<sub>2</sub>-free electricity as far as possible, we are developing a viable concept that identifies the options for self-generation and the purchase of climate-neutral electricity at all IMS Gear locations. This transformation is gradually being implemented. In 2022, as a first step, we converted all German locations to 100% hydroelectricity. In the course of 2023, the plants in China were partially converted to certified green electricity, so that approximately half of the electricity purchased there could be covered by it.

**Greenhouse gas emissions**

IMS Gear Group, in tons of CO<sub>2</sub>

	2021	2022	2023
<b>Scope 1<sup>1</sup></b>	3,196	2,922	<b>2,598</b>
<b>Scope 2</b>	38,245	32,860	<b>23,164</b>

**Emission intensity**

KG of CO<sub>2</sub>\* / T€ Value added

	2021	2022	2023
<b>IMS Gear Group</b>	131	102	<b>70</b>

\*Scope 2 only

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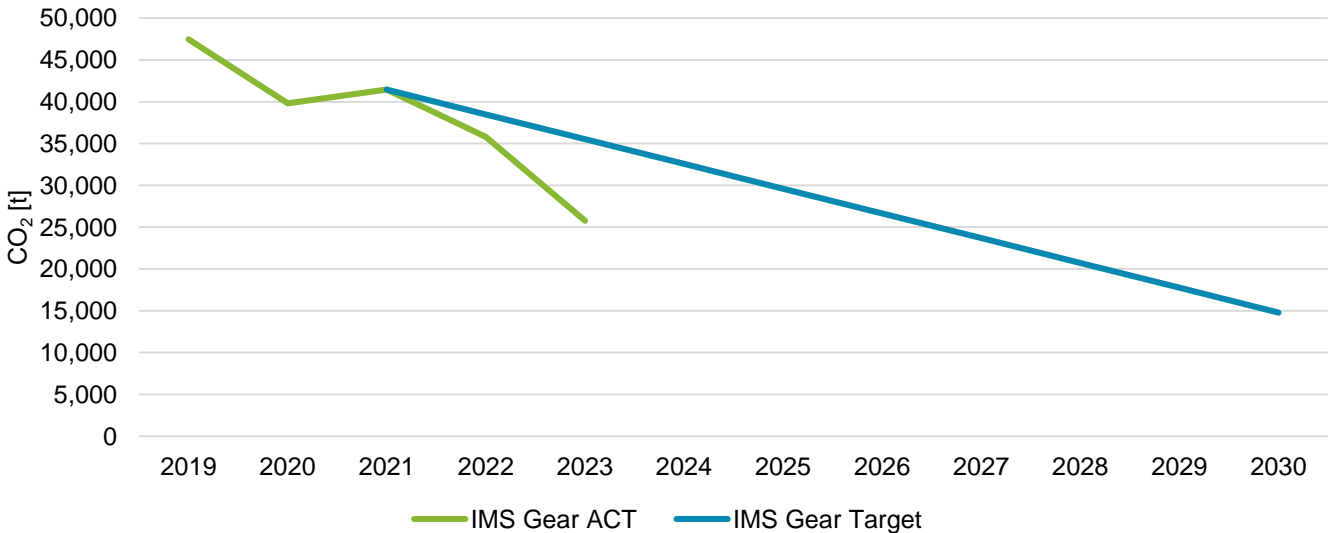
The first photovoltaic system at IMS Gear went into operation at the Querétaro site in Mexico in mid-November 2023 and has been supplying the plant there with green electricity from its own production ever since. To ensure that this is not the only project of its kind, plans are already underway for further PV systems on the roofs of other IMS Gear plants.

With the increasing electrification of our vehicle fleet and the expansion of the proportion of green electricity, we are taking advantage of further opportunities to reduce direct CO2 emissions (Scope 1). We are also continuously expanding the use of waste heat and the energy optimization of our buildings in order to reduce Scope 1 emissions caused by heating.

Decarbonization in the supply chain

A large proportion of the CO<sub>2</sub> footprint of our products is attributable to the upstream value chain (Scope 3). To quantify these emissions, we are currently developing a system for recording Scope 3 upstream emissions. In order to ultimately achieve consistent success in reducing greenhouse gas emissions, we rely on successful and constructive cooperation with our suppliers. We see establishing this end-to-end cooperation in the sense of an increasingly CO<sub>2</sub> - neutral value chain as both an important challenge and a great opportunity that we want to actively and systematically exploit.

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





# RESOURCE USE AND CIRCULAR ECONOMY

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**We use resources carefully.**

***IMS Gear attaches great importance to the responsible use of finite raw materials. With the help of the circular economy, raw materials can be recovered without negative environmental impact. It is therefore important to recycle and reuse these materials. Our aim is to make extensive use of these recyclates in our products..***

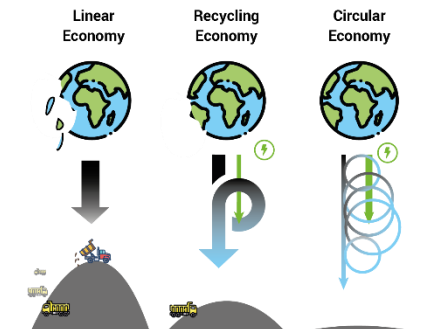
Fossil, mineral and metal resources are only available in limited quantities on our planet and cannot be renewed. It is therefore essential to recover these raw materials and integrate them into a circular economy. As the population grows and consumption increases, the consumption of resources will rise sharply and the shortage will become even more acute. IMS Gear has defined resource efficiency and the circular economy as an important goal in its sustainability strategy. Our thoughts and actions are geared towards the long term, so our decisions are not exclusively focused on a short-term return on investment.

The principles of our corporate philosophy include the conservation of resources and the preservation of natural resources. We also take care to work with certified business partners who also value the economical use of resources.

IMS Gear therefore selects potential suppliers with a focus on sustainability with great care and with the aim of establishing a long-term and ecologically sustainable partnership.

As can be seen from our life cycle analyses, the main environmental impacts are concentrated on the extraction, processing and transportation of raw materials per se. For this reason, the supply chains with their suppliers and their sub-suppliers as well as the associated logistics chains between the process participants are of crucial importance for achieving the sustainability targets

We are also proactively pursuing the closed-loop approach in cooperation with our customers. Together with customers and suppliers, we develop individual standards for recycling in order to further close the loop. The aim is to increase efficiency and take on more product responsibility. Recyclable materials from the production processes should be able to flow back into the production process without losses as recyclable materials recovered in the process. This approach not only protects the environment, but also contributes to the profitability of all companies involved in the supply chain.



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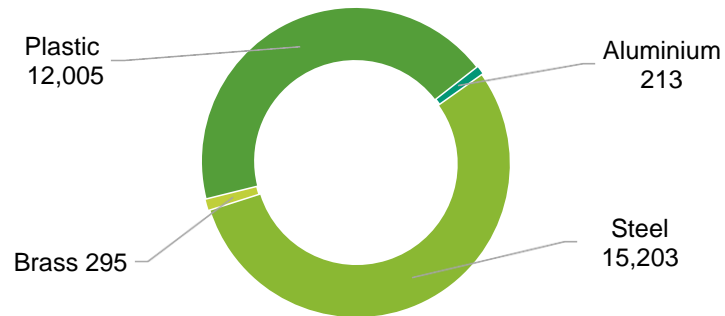
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Although recycling is a sensible process in terms of environmental protection, we at IMS Gear regard it as a last resort. Right from the start, we want to minimize so-called dispensable new procurement. We regard our post-industrial waste as recyclable materials, which are sorted by type and sent for recycling and reuse. As a result of these measures, we were able to return 48% (2022) and 46% (2023) of the high-quality non-ferrous metal brass to the closed recycling loop in 2022 and 2023 respectively. The proportion of secondary material is 7% in 2023.

**Key materials used**

IMS Gear Group, in tons per year



The sprues produced in the plastic injection molding process for cold runner technology can also be returned to the closed IMS Gear internal production cycle as "recovered material" at a rate of up to 90%. The remaining 10% is sent for external reprocessing as post-industrial and unmixed material.

In principle, however, the aim is to avoid the subsequent generation of post-industrial waste as early as the development process. As part of our sustainability initiatives, production-specific design (design to process) reduces the material and energy consumption of our products and also minimizes potential production waste through the use of lean methodologies and quality initiatives..

The development of high-performance plastics enables consistent lightweight construction in applications where the use of thermoplastics was considered inadequate. After their utilization phase, these plastics can be recycled in an energy- and resource-saving manner to be reused as pure and recyclable secondary materials. The processing of these secondary materials poses a particular challenge due to their physical and chemical fluctuations. This is particularly the case if these secondary materials are to be re-used in safety-relevant products. In this context, IMS Gear's involvement in joint-funded projects aimed at ensuring the classification and traceability of recycled plastics and establishing new standards should also be mentioned.



# WASTE PREVENTION

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**Waste is a Reusable Material.**

*Waste prevention means not creating waste in the first place. In other words, no products or packaging should be used that will later have to be recycled or disposed of. Waste prevention is therefore direct environmental protection, as the resources required for production are generally 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 used oil or metal-containing sludge. All hazardous waste is handled professionally, stored and handed over to certified companies for disposal. In accordance with our waste management policy, we always follow the order of priority: avoid, recycle, 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.

Non-hazardous waste		
<b>Waste diverted from disposal</b>		
Preparation for reuse	Steel	5 Waste key 21 Categories
Recycling	Plastic	2 Waste key 69 Categories
Other recovery operations	Paper	2 Waste key
	Aluminium	3 Waste key 8 Categories
	Brass	2 Waste key 7 Categories
<b>Waste directed to disposal</b>	Copper	3 Waste key 8 Categories
Incineration (with energy recovery)	Electric motors	1 Waste key
	Bronze	1 Waste key 2 Categories
Landfilling	Zinc	2 Waste key
	Glass	1 Waste key
	Wood	1 Waste key
	Miscellaneous	8 Waste key 13 Categories

Hazardous waste		
<b>Waste diverted from disposal</b>		
Preparation for reuse	Emulsions	1 Waste key
Recycling	Used Oil (non-chlorinated)	1 Waste key
Other recovery operations	Used Oil (chlorinated > 0,2%)	1 Waste key
	Grinding sludge	1 Waste key
	Sludges from oil/water separators	1 Waste key
	Oil contaminated operating fluids	1 Waste key
	Electronic waste	1 Waste key
	Display devices	1 Waste key
	White spirit	1 Waste key
	Acids / acid mixtures	1 Waste key
	Lead-acid batteries	1 Waste key
	Paint / varnish waste (spray cans)	1 Waste key
	Paint / varnish waste (old varnish)	1 Waste key
	Washing liquids (surfactants)	1 Waste key
	Inorganic chemicals	1 Waste key
	Lyes	1 Waste key
	Other solvent mixtures	1 Waste key
	Used waxes and greases	1 Waste key
	Antifreeze	1 Waste key
<b>Waste directed to disposal</b>		
Incineration (with energy recovery)		
Incineration (without energy recovery)		
Other disposal operations		

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The results of the annual internal site inspections and environmental audits carried out at our sites in Germany are documented in the annual reports of the waste management officer. Compliance with the requirements and any deviations are archived centrally and rectified promptly by means of action plans.

We want to transfer the measures described above, together with the annual external and independent environmental audit in accordance with DIN EN ISO 14001 and the official inspection dates, to all foreign locations in a timely and standardized manner. We have also set ourselves the goal of reducing the remaining, unavoidable waste that can only be recycled to a limited extent or even has to be disposed of by incineration or landfill by a further 20% by 2030 compared to 2022. In 2023, there was an unavoidable increase in the landfill waste category due to some special effects at one of our sites. Despite these special effects, the recycling rate was almost offset by the remaining sites. We use local legislation to classify hazardous waste, which means that waste can be categorized differently from country to country.

**Waste intensity\***  
in KG/ T€ Value Added

	2021	2022	2023
<b>IMS Gear DE</b>	4.6	4.3	<b>3.9</b>
<b>IMS Gear Group**</b>		5.5	<b>6.1</b>

\*Refers only to waste intended for disposal

\*\*worldwide data available only as of 2022

**Waste overview**

<b>IMS Gear Group</b> in tons	<b>2022</b>	<b>2023</b>
<b>Utilization</b>	<b>11,301</b>	<b>11,253</b>
Preparation for reuse	333	347
Recycling	10,394	10,325
Other recovery operations	574	581
<b>Disposal</b>	<b>1,773</b>	<b>2,040</b>
Landfilling	414	764
Other disposal operations	209	180
Incineration (with energy recovery)	950	846
Incineration (without energy recovery)	200	250
<b>Total waste</b>	<b>13,074</b>	<b>13,293</b>
Therof, hazardous waste	1,212	1,229
<b>Utilization rate</b>	<b>86%</b>	<b>85%</b>

# WATER CONSUMPTION

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**Water: a Precious Resource**

*At IMS Gear, initiatives to use water more efficiently and reduce the consumption of drinking water for cooling our processes have already been implemented or are in the process of being implemented. With a view to the sustainable conservation of drinking water sources, a future task will be to develop local water use plans that take into account and evaluate the climate patterns of the various regions in which IMS Gear operates in order to further optimize local water management.*

The value-added processes installed at IMS Gear worldwide are already very water-efficient per se. In addition, production-related water consumption is limited to comparatively small quantities of unavoidable washing and cooling processes.

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

In Querétaro, we were able to detect water leaks in the pipes through targeted monitoring of water consumption. Through cost-intensive rehabilitation of the infrastructure, we were able to prevent uncontrolled water consumption in the long term and thus significantly reduce our water consumption.

We were also able to significantly reduce water consumption for watering outdoor plants at the Querétaro site by switching from water-intensive plants to water-saving desert plants.



**Water consumption**

in m<sup>3</sup>

	2021	2022	2023
<b>IMS Gear Group</b>	59,883	57,723	<b>54,342</b>
<b>Therof, consumption in areas with water stress</b>	7,898	13% 4,312	7% <b>2,552</b>

**Water intensity**

in liters/ € value added

	2021	2022	2023
<b>IMS Gear Gruppe</b>	0.21	0.18	<b>0.16</b>
<b>IMS Gear Mexico</b>	0.56	0.25	<b>0.12</b>

# People



„Our employees are our most important asset, which is why we treat each other with openness, trust and respect.“

Andreas Götz (Vice President Operations)



# PEOPLE

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**As an independent family-owned and operated enterprise, IMS Gear made the importance of its employees an integral part of its corporate vision a long time ago. We cultivate an international culture with social responsibility and take sustainable responsibility for people and the environment.**

IMS Gear's international HR strategy is based on this vision, the diverse future challenges, and our divisional strategies. We therefore know that our employees are our company's most valuable asset. We focus on attracting, retaining and developing suitable employees to meet the demands of our dynamic and international business environment. At the same time, we are developing our corporate culture by observing our core values in the development of our employees and managers. These are reflected, among other things, in our principles of cooperation and leadership.

The Human Resources department works internationally in 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 highest level of responsibility for the Human Resources Department rests with the Executive Board and the Vice President of Human Resources. They communicate the relevant principles, which all employees and managers are jointly responsible for complying with and implementing.

A materiality analysis carried out as part of our sustainability strategy has identified the following areas of action for IMS Gear: employer attractiveness, employee development, health and safety, diversity and equal opportunities. In order to make these fields of action measurable, the KPI fluctuation was defined. This includes voluntary resignations as well as retirements and company resignations in relation to the average number of employees in 2023. We are at 17.9% company-wide. This is an improvement of 6% compared to the previous year.



# EMPLOYER ATTRACTIVENESS

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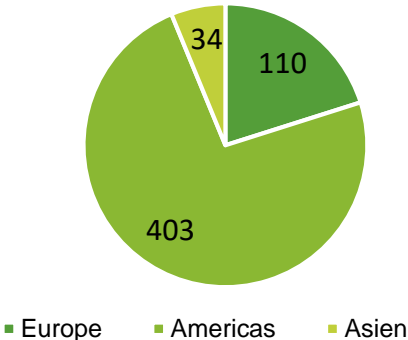
ADDITIONAL DISCLOSURES

IMS Gear works continuously to remain an attractive employer. Important factors for our employees and candidates are appropriate and interesting tasks, a secure and well-designed workplace, fair and transparent remuneration as well as attractive social benefits and other advantages.

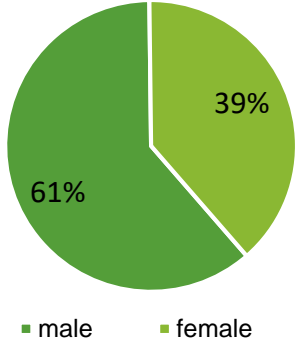
Working time models and personal development opportunities that reconcile private and professional interests are also playing an increasingly important role. In all of this, the interests of our employees and IMS Gear must be balanced. The corporate goals and our shared values and the principles of cooperation and leadership based on them are of crucial importance for an attractive working environment.



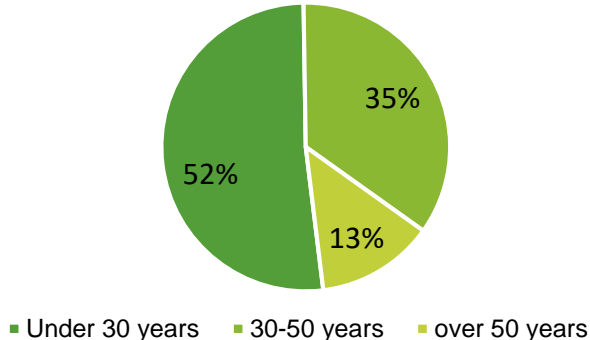
**New hires by region**  
IMS Gear Group, MA



**New hires by gender**  
IMS Gear Group



**New hires by age group**  
IMS Gear Group



# EMPLOYEES IN FIGURES

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## ADDITIONAL DISCLOSURES

### Employees

Headcount, as of 12/2023	Employees	thereof male*	therof female*	Percentage of employees covered by collective bargaining agreements**
Europe	1,474	1,172	302	85%
Americas	750	390	360	
Asia	592	290	302	
<b>IMS Gear Group</b>	<b>2,816</b>	<b>1,852</b>	<b>964</b>	
<i>Therof, wroking part-time</i>				
Europe	123	38	85	
Americas	3	1	2	
<b>IMS Gear Group</b>	<b>126</b>	<b>39</b>	<b>87</b>	

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

\*\* Collective bargaining agreements are matters specific to each country. Therefore, international figures are not available.

### Workers who are not employees

Headcount, as of 12/2023	Temp agency workers	Apprenticeships and internships	Temporary helpers
Europe	52	138	33
Americas	34	40	
Asia	0	51	
<b>IMS Gear Group</b>	<b>86</b>	<b>229</b>	<b>33</b>

# EMPLOYEE DEVELOPMENT

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IMS Gear is divided into entrepreneurially managed business units, each with closed value chains. This provides a wide range of opportunities to develop according to individual interests and skills. Whether employees are interested in management tasks or are aiming for a specialist career, IMS Gear invests heavily in individual development measures. Qualified, strength-oriented and therefore motivated employees make a fundamental contribution to the sustainable success of IMS Gear.

### Training and Orientation for New Hires

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

### IMS.dialogue

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

### IMS.academy

IMS Gear offers a training and development program that is individually tailored to the respective function and geared to the needs of the individual areas.

In addition to teaching the basics, the IMS.academy portfolio also includes targeted advanced qualifications. On the one hand, we focus on our existing internal know-how and impart knowledge to our employees via our own experts. On the other hand, our diverse offering is rounded off with external specialists. We are constantly developing our range of training courses, most recently by offering individual team development and leadership and values workshops.



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Our entire range of training courses is made available via our central learning management system and managed in a standardized workflow. Another important task for us is the ongoing training of our internal trainers and the integration of our training centers. To support our internal trainers, this year we developed and launched a concept for establishing a trainer network. Our aim here is to ensure that in addition to the existing train-the-trainer courses, there are opportunities for exchange, new inputs and insights and thus methodological development. In this way, we are creating qualifications from employees for employees - both in terms of development and implementation.

The average hours of further training in 2023 was 11 hours\* per employee

\* at the German locations only internal training courses

**JOB TRAINING AND APPRENTICESHIPS**

IMS Gear invests strategically in its own young 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 60 and 65 new apprentices every year, depending on requirements. The company invests around EUR 4 million in training each year.

The focus of the training is on building up knowledge, whereby we lay the foundations for important professional and personal skills. After a structured introduction, in which the various basics of the respective profession as well as overarching knowledge are taught, the training is then deepened in the specific area of application, also by means of specific tasks and projects. Central supervision ensures that standards and the main content are in line with the training framework plan.





# HEALTH AND SAFETY

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## ADDITIONAL DISCLOSURES

### 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

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.

We ensure competent occupational health care and advice through our cooperation with company doctors. In addition, regular health checks are offered and the legally required preventive medical check-ups are carried out. Additional services, e.g. in the form of vaccinations, are also available.

### Psychosocial stress

We also take potential psychosocial stress seriously and see prevention as part of our risk analysis or employee surveys. In general, communication across all levels and personal discussions are indispensable factors for us. For this reason, our Management Board members conduct annual employee appraisals at our locations as a supplement to the regular exchange between managers and employees.

For employees who are burdened by personal problems or emotional distress, we offer rapid professional advice from our external cooperation partners. All employees are invited to the annual "info meeting". Our aim is to promote social dialog.



May 2023: The WVIB (trade association of industrial companies in Baden) honored IMS Gear for its participation in the "Mein Freiburg Marathon" as the most loyal team in Schwarzwald AG.



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**Occupational safety**

Occupational health and safety is of particular importance at IMS Gear. The basis for our occupational health and safety management is our corporate policy, establishing our high standards for occupational health and safety. In line with this policy, we report on occupational safety issues in a monthly report at management level. In addition, regular coordination between all Vice Presidents Operations and the central HSE (Health, Safety, Environment) department enables a coordinated approach and implementation of the same standards.

The number of all accidents at work fell continuously between 2020 and 2022 and stood at 1.7 accidents per 200,000 hours worked in 2022. Until then, this was a good development on the way to achieving the target of max. 1.5 accidents at work / 200,000 hours by 2026. Unfortunately, there was an increase to 3 accidents / 200,000 hours in 2023. This increase can be partially attributed to greater awareness of occupational safety issues, as the introduction of "near miss" reporting led to greater attention being paid to incidents that were previously ignored. IMS Gear not only records and includes reportable accidents at work in 'its reporting, but captures all accidents including those with less than 3 days' absence. There were no serious accidents at work resulting in permanent injury or death in the reporting year. In order to develop potential for improving future occupational safety from accidents that have already occurred, we carry out a root cause analysis for each accident and define corrective measures.

The increase in accidents at work is by no means satisfactory for us and it is a challenge to take the right measures with the help of careful analyses in order to bring about a reduction in the number of accidents again.

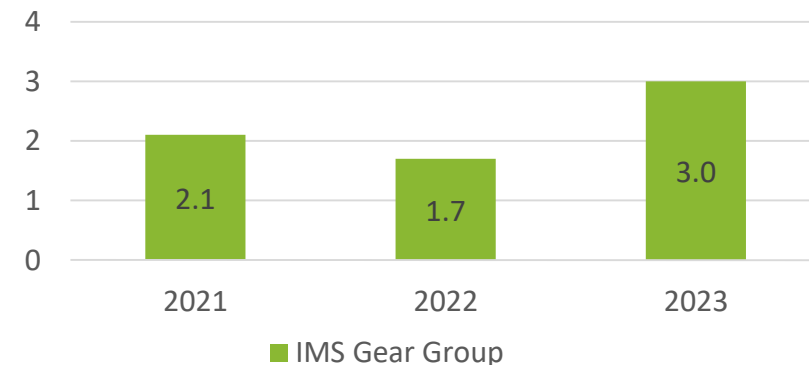
In 2023, we launched the "Safety Days" initiative, which addresses the most common causes of accidents and raises awareness of potential hazards through on-site inspections. This year, we will continue to focus on recording "near misses" in order to proactively ensure a safe working environment.

To further ensure that every employee has a good and safe working environment, each of our plants has trained safety officers on site. They are in regular contact with the central HSE department and support those responsible at the site in all matters relating to occupational safety.

We emphasize awareness of occupational health and safety measures through regular training and instruction. Our e-learning platform provides regular updates and maps the process transparently. We also check compliance with the standards as part of the 6-IMS inspections (5S, extended to include safety), which take place monthly at all production sites.

**Work-related injuries**

Work related injuries\* / 200,000h



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

# DIVERSITY AND EQUAL OPPORTUNITIES

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Tolerance and respect already play a central role in our corporate values, which is why respect for human rights is a fundamental principle of our business activities, which we also emphasize with our human rights declaration. 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 employees and that no one is excluded from operational opportunities on the basis of personal characteristics.

Remuneration is also based on the tasks performed ("equal pay"). We attach great importance to the strengths-focused deployment of our employees and promote balanced teams.

There is a wide range of information and training courses on this topic, internal contact persons and complaints channels (whistleblowers) as well as remedial procedures to ensure compliance with our principles and values.



# Society



„As a globally active company, we naturally also have a social obligation and a role model function. That's why we have been involved in promoting education and many other social projects for years.“

Rain Cai (Vice President Operations China)

# SOCIETY

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## ADDITIONAL DISCLOSURES

**IMS Gear sees itself as 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.

Our donations aim to have a positive impact on society. We donate without receiving anything or expecting to receive anything of equal value in return. Our donation activities focus on the areas of health, education, sport, culture and support for local associations. For example, every year we do without Christmas cards and gifts and instead support the work of social projects.

Volunteering is a donation in the form of paid working time by IMS Gear for the benefit of a qualified organization. It is voluntary and does not involve anything in return. At our Taicang site, for example, IT refurbishes used company laptops for schools. In this way, we avoid waste and can support education in less developed areas of China.

We also actively supported the Inclusion Factory at this location with our service team during the move. The Inclusion Factory is a social enterprise that employs people with intellectual disabilities and integrates them into the world of work. The Inclusion Advisory division supports companies in the integration of people with disabilities. IMS Gear has also hired and integrated employees in this way.



New assembly hall at the Inclusion Factory



## COMPANY &amp; STRATEGY

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ADDITIONAL  
DISCLOSURES**Our trainees were involved in various projects in Germany in 2023.**

True to the motto "doing something good for others", our social trainee project takes place once a year. We support social institutions in fulfilling wishes and tasks for which they themselves do not have enough time in their everyday lives. The social trainee project 2023 took place for the "Kindergarten Augenblick" in Donaueschingen-Grünigen. Over the course of several weeks, our trainees designed and built a play kitchen and a wooden filling station for the kindergarten's outdoor area. From brainstorming to delivery of the play furniture, the responsibility lay in the hands of our trainees. In doing so, we strengthened the team spirit and the cooperation between technical and commercial training. Depending on the facility we are supporting, we sensitize our trainees to the needs of other people who have to cope with everyday life under different - often more difficult - conditions. Examples from the past include cooperation with the aftercare clinic in

Tannheim (rehabilitation clinic for families with children, adolescents and adults suffering from cancer, heart disease and cystic fibrosis) and the Karl Wacker School in Donaueschingen (special education and counseling center with a focus on mental development).

Environmental protection is also important to us. In September 2023, our new trainees took part in World Cleanup Day with a litter collection campaign and set a practical example for a clean environment: divided into several groups and supported by our training team, they cleared the banks of the Riedsee, a popular local recreation area near Donaueschingen, of garbage. Within a few hours, a surprisingly large amount of garbage was collected during the cleanup campaign. We want to continue to use World Cleanup Day in the coming years to further raise our trainees' awareness of environmental issues in a practical way.



# **Additional Disclosures**



## ABOUT THIS REPORT

This is the second sustainability report of IMS Gear SE & Co. KGaA. This report describes the sustainability management at IMS Gear and the progress in the key topics for the 2023 financial year (January 1, 2023 to December 31, 2023).

All information in this report relates to the entire scope of consolidation of the IMS Gear Group. Only the key figures relating to the environment do not include the sales locations in Japan and South Korea.

Name	Seat	Capital share
IMS Gear SE & Co. KGaA	Donaueschingen, Germany	Parent company
Subsidiaries:		
IMS Gear Holding Inc.	Gainesville, USA	100%
with subsidiaries:		
IMS Gear Braking Systems LLC		
IMS Gear Georgia LLC		
IMS Gear Planetary Gears LLC		
IMS Gear Virginia LLC	Virginia Beach, USA	
IMS Gear S.A. de C.V.	Querétaro, Mexico	100%
IMS Gear Holding China GmbH	Donaueschingen, Germany	100%
with subsidiary:		
IMS Gear Taicang Ltd	Taicang, China	
IMS Gear Korea Ltd.	Seoul, South Korea	100%
IMS Gear Japan K.K.	Tokio, Japan	100%
IMSGP - Gear Portugal Unipessoal LDA	Lissabon, Portugal	100%
IMS Gear Croatia d.o.o.	Osijek, Croatia	100%

We have used the internationally recognized standards of the Global Reporting Initiative (GRI) as a guideline for the report. In our opinion, the report was prepared in accordance with the GRI standards. The report was approved by the highest management body for sustainability. The report has not been externally audited.

A three-year trend is not yet possible in individual cases, but is being sought for the future to improve comparability.

<sup>1</sup> In individual cases, information relating to past periods has been adjusted. This is due to changes in data collection and calculation methods. The changes are noted accordingly in the text.

The Sustainability Report 2023 is available as a PDF in German and English. It will be published on our website in May 2024. The next report is expected to be published in April 2025. The annual report will be published in the Germany's Federal Gazette.

For reasons of linguistic simplification, we have forgone some use of gender-specific pronouns. Therefore, general designations for individuals of any gender are intended to refer to all people, regardless of gender.

# GRI CONTENT INDEX

<b>Statement of use</b>	IMS Gear SE & Co. KGaA has reported in accordance with the GRI Standards for the period from 01.01.2023 to 31.12.2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page	Omission and explanation
<b>General Disclosures</b>			
GRI 2: General Disclosures 2021	2-1	Organizational details	13; 51; 57
	2-2	Entities included in the organizations's sustainability reporting	51
	2-3	Reporting period, frequency and contact point	51; 57
	2-4	Restatements of information	51
	2-5	External assurance	51
	2-6	Activities, value chain and other business relationship	5-6, 27
	2-7	Employees	41
	2-8	Workers who are not employees	41
	2-9	Governance structure and composition	13
	2-10	Nomination and selection of the highest governance body	AR*
	2-11	Chair of the highest governance body	13
	2-12	Role of the highest governance body in overseeing the management of impacts	7; 9; 11
	2-13	Delegation of responsibility for managing impacts	9
	2-14	Role of the highest governance body in sustainability reporting	7; 51
	2-15	Conflicts of interest	13

\*AR = Annual Report IMS Gear SE & Co. KGaA

GRI Standard	Disclosures	Page	Omission and explanation	
<b>General Disclosures</b>				
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	12	
	2-17	Collective knowledge of the highest governance body	9	
	2-18	Evaluation of the performance of the highest governance body	9; 51	
	2-19	Remuneration policies		Confidentiality constraints
	2-20	Process to determine remuneration		Confidentiality constraints
	2-21	Annual total compensation ratio		Confidentiality constraints
	2-22	Statement on sustainable development strategy	3	
	2-23	Policy commitments	12	
	2-24	Embedding policy commitments	12	
	2-25	Processes to remediate negative impacts	12f	
	2-26	Mechanisms for seeking advice and raising concerns	12f	
	2-27	Compliance with laws and regulations		Confidentiality constraints
	2-28	Membership associations	48	
	2-29	Approach to stakeholder engagement	11	
2-30	Collective bargaining agreements	41		
<b>Material Topics</b>				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	7	
	3-2	List of material topics	7	
<b>Sustainable Products and Processes</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	17ff; 21	

GRI Standard	Disclosures	Page	Omission and explanation
<b>Material Compliance</b>			
GRI : Material Topics 2021	3-3 Management of material topics	22f	
<b>Supplier Environmental &amp; Social Practices</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	25ff	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	27	
<b>Energy Efficiency</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	30	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	30	
	302-3 Energy intensity	30	
<b>Decarbonization</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	31f	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	31	
	305-2 Energy indirect (Scope 2) GHG emissions	31	
	305-3 Other indirect (Scope 3) GHG emissions		Information unavailable
	305-4 GHG emissions intensity	31	

GRI Standard	Disclosures	Page	Omission and explanation
<b>Resource Use &amp; Circular Economy</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	33f
GRI 301: Materials 2016	301-1	Materials used by weight or volume	34
	301-2	Recycled input materials used	34
<b>Waste Prevention</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	35f
GRI 306: Waste 2020	306-3	Waste generated	36
	306-4	Waste diverted from disposal	36
	306-5	Waste directed to disposal	36
<b>Water Consumption</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	37
GRI 303: Water and Effluents 2018	303-5	Water consumption	37
<b>Employer Attractiveness</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	40
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	39f

GRI Standard	Disclosures	Page	Omission and explanation
<b>Employee Development</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	42f	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	43	
<b>Health and Safety</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	44f	
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	45	
<b>Diversity &amp; Equal Opportunities</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	46	
<b>Social Engagement</b>			
GRI3: Material Topics 2021	3-3 Management of material topics	48	
<b>Compliance</b>			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	13	



# IMPRINT

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IMS Gear SE & Co. KGaA

## **Concept and design**

IMS Gear SE & Co. KGaA

## **Text:**

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