

Sustainability Report 2022



ABOUT THIS REPORT

GRI 2-1, 2-5

THE THREE PILLARS OF SUSTAINABILITY



ifm's guiding principle describes a principle of action that strikes a balance between the three pillars of sustainability.

The content and structure of this report are prepared in accordance with the GRI Standards, this is indicated on the corresponding pages. Product- and manufacturing-related environmental disclosures have been taken from the environmental statement, which has been validated in accordance with EMAS by an accredited environmental verifier. The Environmental Protection and Sustainability department was primarily responsible for reporting, with the support of many other departments at ifm. This sustainability report by ifm covers the financial year 2022. The report is published annually in German and English and is publicly accessible on our company's website. Andreas Thürer, Sustainability Manager, and Steffen Fischer, Social Sustainability Manager, are available to answer any questions at > sustainability@ifm.com.

GRI 2-3

CHANGES COMPARED TO THE PREVIOUS YEAR

GRI 2-4

No changes to the basis of measurement and calculation were made during the financial year. Environmental figures for the new EMAS locations have been added as a result of the expanded EMAS scope.

Editorial note:

This report is available in German and English.

Texts marked with this element have been taken from the environmental statement, which has been validated by an external environmental auditor. The environmental auditor's statement can be found in the appendix to this report.

AT A GLANCE

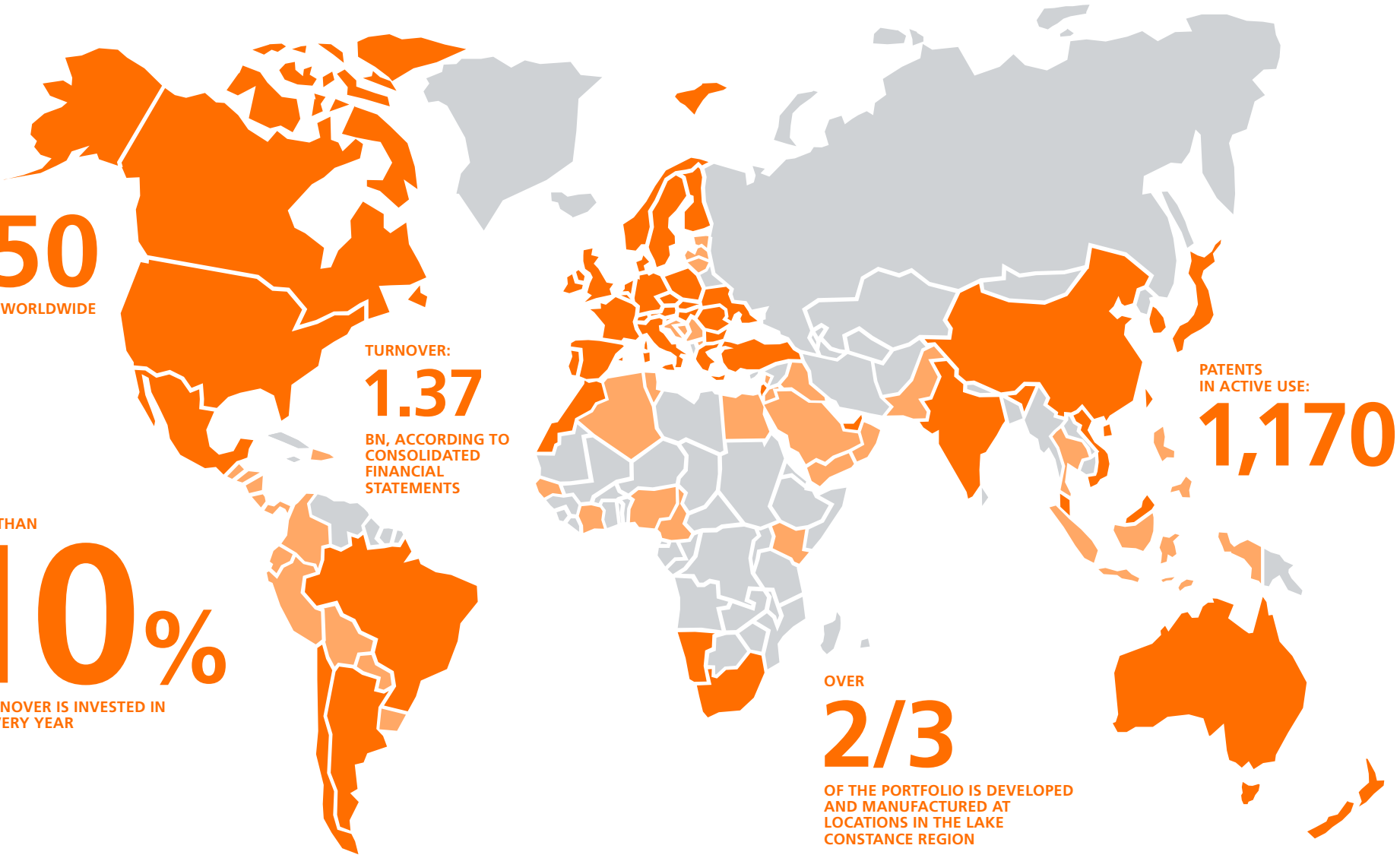
ROUGHLY
8,750
EMPLOYEES WORLDWIDE

TURNOVER:
1.37
BN, ACCORDING TO
CONSOLIDATED
FINANCIAL
STATEMENTS

MORE THAN
10%
OF TURNOVER IS INVESTED IN
R&D EVERY YEAR

PATENTS
IN ACTIVE USE:
1,170

OVER
2/3
OF THE PORTFOLIO IS DEVELOPED
AND MANUFACTURED AT
LOCATIONS IN THE LAKE
CONSTANCE REGION



FOREWORD

GRI 2-11



**MARTIN BUCK AND MICHAEL MARHOFER,
CHAIRMEN OF THE BOARD OF THE
ifm GROUP OF COMPANIES**

DEAR READERS,

In a crisis-riddled environment, we are able look back on a very successful financial year 2022. At €1.37bn, turnover at the ifm group of companies rose by 18% year on year to reach a new record. Our operating result of 7.6% was strong despite a significant increase in costs due to inflation and supply-chain factors. This outcome would not have been possible without our employees' incredible commitment and dedication. We would therefore like to take this opportunity to thank them all.

However, economic and financial sustainability is just one aspect of our actions. The environment has also been a firm part of our company philosophy since 1990, as reflected in the guiding princi-

ple "ifm demands and promotes ecologically conscious decisions and conduct". As a result, we once again dedicated tremendous time and effort in 2022 to exploring how we can make our company even better when it comes to environmental and social sustainability. This report is our way of informing you about our goals, milestones and progress, as well as about challenges and risks. Our aim is to bring transparency to our achievements so far and the areas where we still need to improve. Internally, we spent 2022 preparing a plan to expand the EMAS and ISO 14001 environmental management system to the material German locations – a process we completed in March 2023 upon gaining certification. In addition, we received DGNB Gold Standard certification for our new building in Sibiu, Romania. External drivers of change included the energy crisis and the requirements under the EU's Green Deal, both of which presented us with an opportunity to make changes even faster than planned, save more energy or promote the evolution of consumables and packaging materials.

One of the biggest challenges we have to face at the present time is the shortage of specialists in certain areas of our company. However, we are certain that we will continue being able to attract and retain talents in future by positioning ourselves as an attractive employer and taking targeted measures aimed at personnel development and loyalty. All in all, we are proud of what we have achieved in recent years and are motivated to continue attaining our goals.

We believe firmly that we, as a company, have a responsibility towards society – and that we therefore make a contribution to the greater good. We are actively committed to promoting social and environmental issues and are active in various projects and initiatives. 2022 was heavily impacted by the war in Ukraine. By organising transport options from the border and aid for refugees, integrating Ukrainian staff members into our production team in Romania and Poland, creating child care options and collecting donations, we tried to help people affected by the war. We see this kind of commitment as being more just an obligation. Instead, it is a matter that is near and dear to our hearts.

Thank you for your interest in our sustainability report. We hope it provides you with insights into our activities. Please do not hesitate to let us know if you have any questions.

Essen, August 2023

Board of Directors of the ifm group of companies

Martin Buck
Chairman of the Board

Michael Marhofer
Chairman of the Board

€1.37bn
RECORD
TURNOVER

18%
HIGHER
YEAR ON YEAR

+7.6%
EBIT

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01

INTRODUCTION

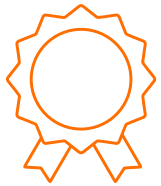
87 WOMEN

IN MANAGEMENT POSITIONS

(13.06% of all managers in Germany)

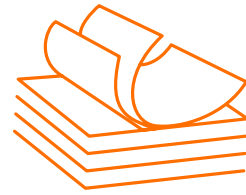
PREPARING THE
EMAS SCOPE
EXPANSION

(to all material German locations)



100+

PATENT
REGISTRATIONS



PAPER SAVED

60 TONNES

thanks to user manual digitalisation

30 TONNES

thanks to picking list digitalisation



100%

GREEN ELECTRICITY

(European production sites)

5% LESS ENERGY
CONSUMED

at EMAS-certified locations

LAUNCH OF

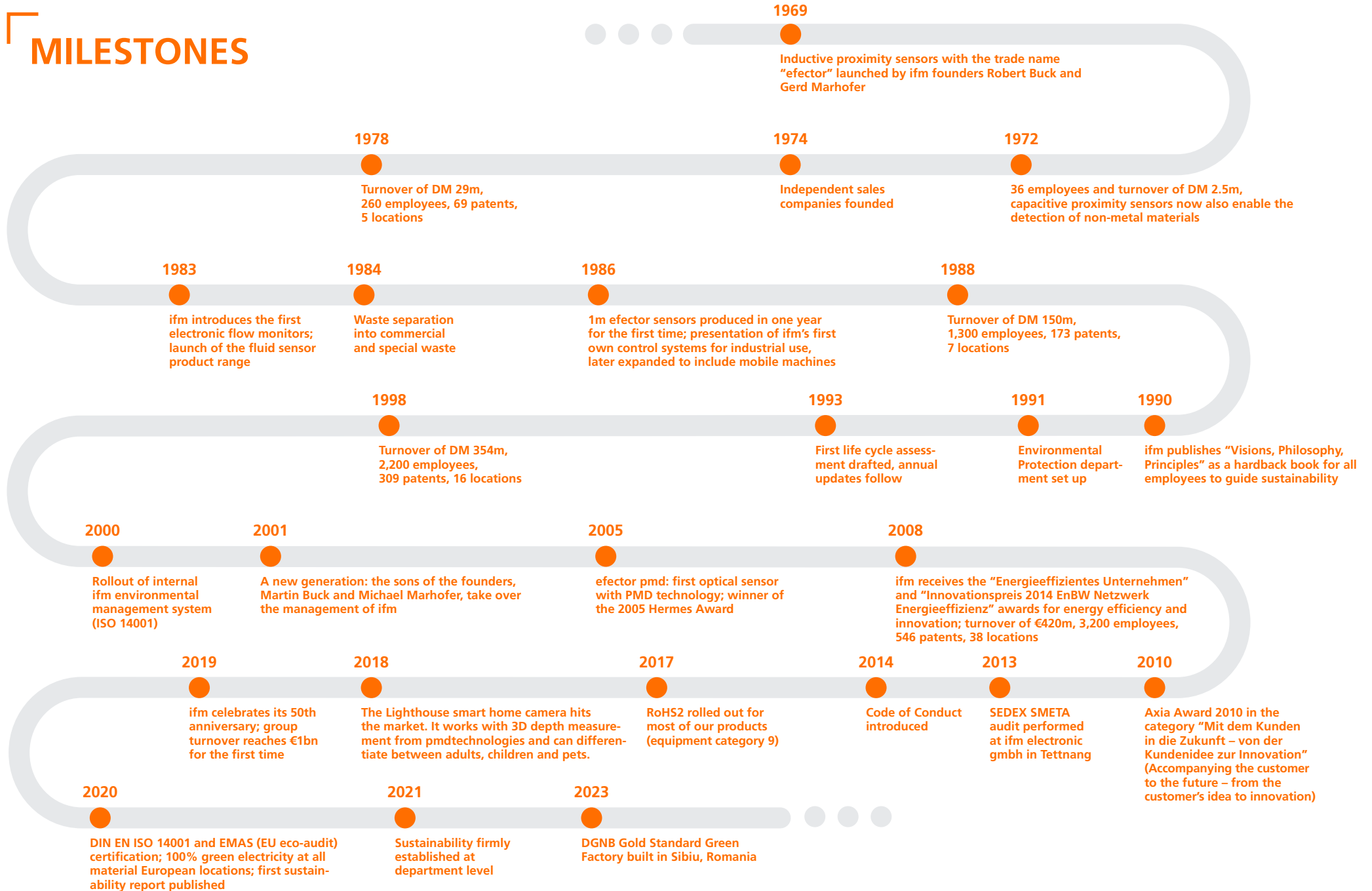
**COMPANY BIKE
PROGRAMME**



IN FEBRUARY

2023

MILESTONES



COMPANY PROFILE

GRI 2-1, 2-6, 2-7, 2-9

Since its founding as ifm electronic gmbh & co. kg in 1969, the ifm group of companies has evolved into an industry leader for innovative sensors, controllers and systems for industrial automation and production process digitalisation. The family business, now managed by the second generation, markets and distributes its products and services in more than 180 countries. ifm has 8,750 employees in a total of 95 countries, the majority of whom work at the company's 13 largest locations.

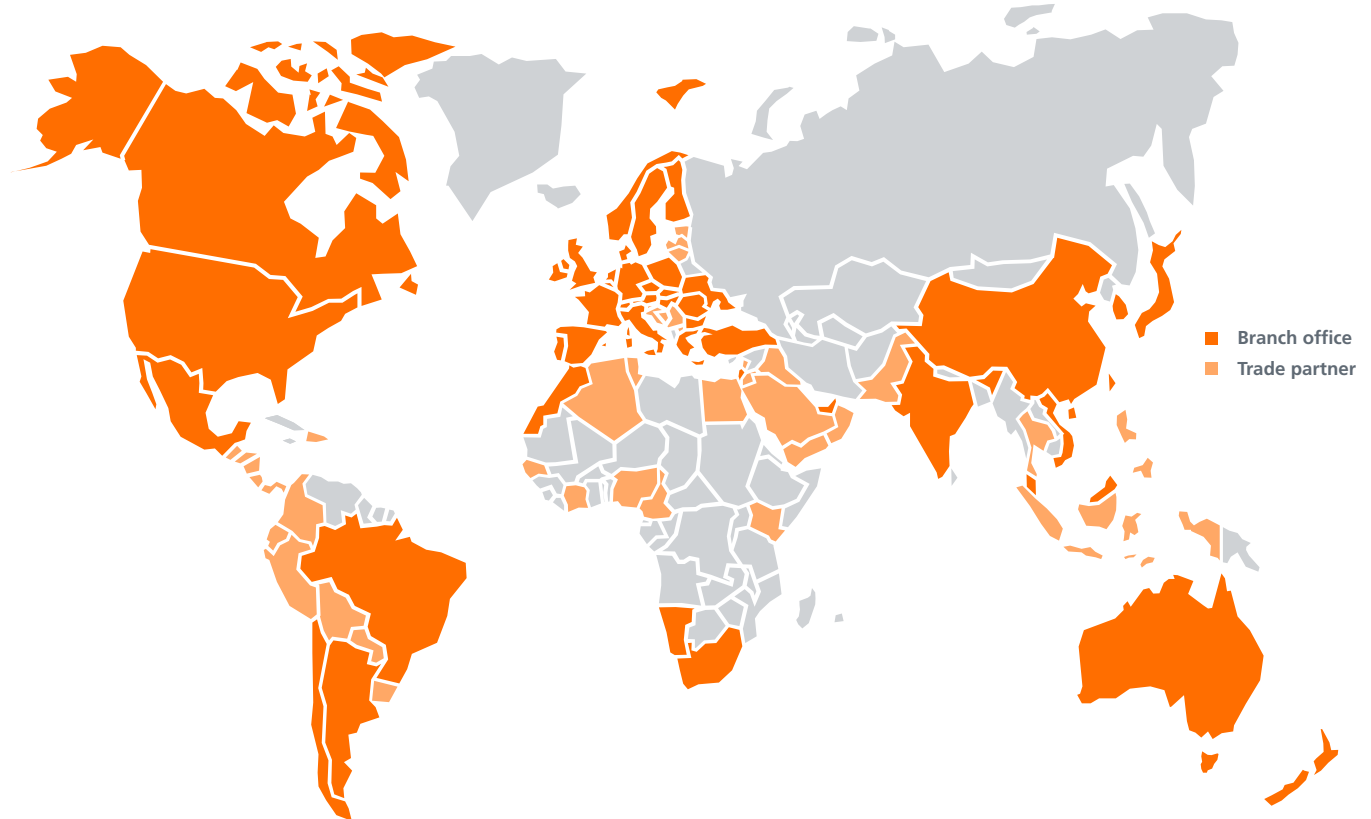
ifm stands for German-made, high-value, high-quality products. We develop, produce and distribute sensors, controllers, software solutions and systems for industrial automation. The large product portfolio covers standard solutions while also meeting the specific requirements of industries and customers. In addition to position and process sensors, the product range includes sensors for motion control and safety technology. Moreover, we offer products for industrial imaging and communication, along with identification systems and systems for mobile machines. We develop innovative Industry 4.0 solutions, as well as the software and cloud products to match, with the aim of making existing company processes digitally usable and enabling new, integrated control options for sustainable efficiency and cost optimisation.

OUR LOCATIONS

GRI 2-2, 2-6

ifm's corporate and sales headquarters, as well as the logistics centre, are located in Essen. The main development location is Tett nang (Bechlingen). Roughly 70% of all products are developed and manufactured at our five locations in the Lake Constance region. In

order to be able to respond quickly, flexibly and professionally to different market requirements, further production and development companies are located in India, Poland, Romania, Singapore and the US. Sales abroad are handled by subsidiaries of ifm electronic gmbh. All in all, customers in more than 180 countries are served either by independent sales companies or by commercial agents.



MARKETS AND INDUSTRIES

GRI 2-6

The markets supplied correspond to the regions in which we have production and sales locations. The most important industries for us are:

- automotive industries and original equipment manufacturers
- renewable energy generation
- conveyor technology
- agriculture
- food industry
- logistics
- metalworking
- mobile machinery
- robotics automation
- steel industry and metal production
- packaging machines
- machine tools
- water management

ORGANISATION

ifm stiftung & co. kg, the ultimate parent company of the ifm group of companies, is responsible for the strategic direction and management of the ifm group of companies. It holds 94.9% of the shares, with ifm beteiligungs stiftung & co. kg holding the remaining 5.1%. ifm holding stiftung, whose purpose is to support the training and further education of employees and to expand and promote the internal qualification and training programme, acts as unifying element for both entities. Operationally, ifm electronic gmbh represents the ifm group of companies in their dealings with external stakeholders. ifm electronic gmbh is responsible for the sale, marketing and distribution of our products and services. As a result, it performs a market-facing role in interactions with customers.

By contrast, ifm group services gmbh, which does not maintain an active external market presence, backs up business processes in its role as a legally independent entity and pools corporate services for the entire ifm group of companies in Germany and abroad.

This approach ensures the best possible service for our customers and supports compliance with requirements relating to the environment and social responsibility. Through its services, ifm group services helps business processes work optimally, efficiently and effectively worldwide at all levels of value creation.

Overall responsibility and leadership in terms of sustainability – especially as it relates to quality, environmental management, occupational health and safety, and social responsibility – has been assigned to two members of the ifm group services gmbh management team: Andreas Thüerer (quality, environment), CTO Executive Board Member, and Steffen Fischer, CHRO Executive Board Member. Both of them are also members of the main ifm leadership team.

In addition, the following four divisions act on behalf of ifm electronic gmbh in its dealings with external stakeholders:

- ifm position gmbh (position sensors and object recognition)
- ifm network & control gmbh (connection technology, evaluation systems, power supplies)
- ifm process gmbh (fluid sensors and diagnostic/inclination sensors)
- ifm solutions gmbh (software solutions for Industry 4.0)

The material (German) locations of these entities are fully included in the scope of sustainability reporting.

ifm GROUP OF COMPANIES

GRI 2-2



* Essen is used here as the sales headquarters and as an example for all sales locations. The data from ifm traviation (travel service) is included in the scope of the report.



MEMBERSHIP ASSOCIATIONS

GRI 2-28

We embody our corporate philosophy in various partnerships, participate in the exchange of knowledge and are always looking for collaborative and sustainable solutions. Among other things, we are a member of the following organisations:

- AGORIA (through ifm Belgium)
- Arbeitgeberverband Südwestmetall
- AS-interface CZ (AS-INTERNATIONAL ASSOCIATION e. V.; through ifm Czech Republic)
- Bundesverband IT-Mittelstand Deutschland (BITMi)
- Bundesverband Materialwirtschaft, Einkauf und Logistik e. V. (BME)
- Deutsche Gesellschaft für Qualität e. V. (DGQ)
- Deutsche Kommission Elektrotechnik Elektronik Informationstechnik (DKE) in DIN and VDE
- German-Czech Chamber of Industry and Commerce (DTIHK; through ifm Czech Republic)
- Erfolgsfaktor Familie
- European Committee for Electrotechnical Standardization (CENELEC)
- Fachverband der deutschen Flughafenindustrie (GATE)
- European Machine Vision Association (EMVA)
- Industrial Digital Twin Association (IDTA)
- IHK Bodensee-Oberschwaben (presidency)

- Industrial Automation Association (ENOSAD; through ifm Turkey)
- International Electrotechnical Commission (IEC)
- IO-Link consortium
- Open Industry 4.0 Alliance (founding member)
- Plattform Industrie 4.0
- Society for Automation, Instrumentation, Measurement and Control (SAIMC; through ifm South Africa; cooperation with Suppliers Advisory Council)
- Stifterverband der deutschen Wirtschaft
- Stiftung Ordnungspolitik
- Swissmem (through ifm Switzerland)
- swissTnet (through ifm Switzerland)
- Unternehmer-Initiative Bleiberecht durch Arbeit
- Verband deutscher Elektrotechnik, Elektronik und Informationstechnik e. V. (VDE)
- Verband Deutscher Maschinen- und Anlagenbau e. V. (VDMA)
- Zentralverband Elektrotechnik- und Elektronik-industrie e. V. (ZVEI)

As a matter of principle, we support various international initiatives that are in line with our values, including the Core Labour Standards of the International Labour Organization (ILO) and the Universal Declaration of Human Rights (UN Charter).

INNOVATIONS

GRI 2-6

The following section presents a selection of innovation highlights that are of strategic importance for our own sustainable business development, our customers' sustainability efforts or sustainable development in general.

MAKING COMPRESSED AIR CONSUMPTION MORE SUSTAINABLE

Knowing how much you consume is the key to achieving savings. Compressed air is a widely used energy source. Many industrial processes need it for procedures such as cleaning, operating machinery and controlling tools. ifm's SD-series compressed air meters help our customers monitor and measure their compressed air consumption. The precise measurement data lets them improve the efficiency of energy consumption.

ifm SENSORS FOR AGRICULTURE

The food and agriculture industry plays a crucial role in achieving sustainability targets. For more than five decades, ifm has been dedicated to developing reliable automation solutions that optimise processes throughout the food supply chain and support sustainable agriculture and food production for millions of people worldwide. ifm's automated and digital solutions for the value chain ensure efficient and sustainable operations at every step along the way, from farm to table. The use of ifm's O3D camera in agriculture enables a variety of applications. Fully automated milking systems, which enhance animal welfare and offer farmers greater flexibility, are one example. Thanks to sophisticated robot technology, cows benefit from a gentle, stress-free milking process. The innovative technology also helps ensure reliable product quality that prevents contamination in dairy products during processing and meets strict quality standards.

ifm's product portfolio and software solutions make it easy for dairy producers to monitor production lines and milk quality while accessing real-time data analysis that helps them reduce downtime, optimise processes and prevent the production of inferior-quality products. The technology enables dairy producers to respond quickly to changes in market requirements and produce high-quality products on a sustainable basis.

Our commitment to sustainability is evidenced by our continuous efforts to develop reliable automation solutions that increase operational efficiency, improve product quality and reduce environmental stress. In addition, ifm passes its successful experience in the fields of energy management, wastewater, waste treatment and renewable energies onto its users to support them in sustainable development in the agriculture and food industry.



ifm products being used in urban farming



02

STRATEGY &
MANAGEMENT

OUR SOLUTIONS ARE ENABLERS FOR DIGITALISATION



**ANDREAS THÜRER,
CHIEF TECHNICAL
OFFICER**



Mr Thürer, ifm registered around 100 patents in the space of a year. What did you focus on?

THÜRER: All technologies contributed to the pool of innovations in the most recent financial year, encouragingly. The field of process sensors – where our staff developed technical solutions for water technology and food technology, for example – deserves special mention. In addition, we were able to register new radio technologies for industrial data transmission, such as ultra-durable, long-range wireless sensor data communication.

How do innovations from ifm contribute to greater sustainability?

THÜRER: Many of our products are engineered to help control and manage processes that play a key role in sustainability, such as energy efficiency in the field of compressed air, or the management of water treatment plants.

In a digitalised world, the constant monitoring of different machine parts, systems or process steps at different locations is part of everyday life of any company. ifm sensors, systems and software not only make it possible to keep things under control, they also use the data for additional processing and analysis, which opens the door to resource-conscious planning and efficient processes.

What aspects are you focusing on in your development work?

THÜRER: We develop integrated solutions and systems that act as enablers for our customers' digitalisation. To do so, we leverage our expertise in the respective field and develop scalable solutions with a wide range of applications. Our systems for monitoring the operation of renewable energy generation and distribution systems are a prime example.

When it comes to sustainability, resource efficiency, energy efficiency and the use of environmentally friendly materials play a pivotal role – as do improving the recycling of packaging, reducing the use of environmentally dangerous substances and preventing the creation of hazardous waste. Avoiding and reducing hazardous substances is a strategic focal point for us, from the product study to development and manufacturing.





STEFFEN FISCHER,
CHIEF HUMAN
RESOURCES OFFICER



The skilled labour shortage is a major issue. Would you say that ifm is an attractive employer?

FISCHER: I can answer that question with a resounding “yes”. Our company’s growth, the low staff turnover and the high number of applications confirm our appeal among specialists. We are a family-run company with a high degree of innovation, as evidenced by our more than 100 patents. With our 8,750 employees, I would describe us as a medium-sized enterprise. Despite our tangible roots as a medium-sized business in the Lake Constance region – our technological home – we serve customers in over 180 countries around the world through our own sales com-

panies and trade partners. Our corporate culture is shaped by the guiding principle “growing successfully in security”, which has been a firm part of our philosophy since 1990. We are proud of this philosophy and embody it in our day-to-day work.

How are you making yourself attractive for talented young professionals?

FISCHER: The shortage of skilled labour will be one of the biggest challenges in the years ahead. ifm is no exception. In order to counteract the shortage of skilled labour, we have to make our company attractive, especially for talented young individuals. At ifm, our focus is on high-potential individuals still in training or just finishing up their studies, who we work with internally to round out their qualifications. We offer a variety of benefits especially for our trainees and for student employees enrolled in cooperative education programmes, such as allowances for transport to and from work, money for books and

bonuses for successfully completing their training or earning their degrees. Trainees and students enrolled in cooperative education programmes who plan to spend time abroad as part of their professional development can take advantage of our financial support options. Our high hiring rate makes ifm particularly attractive for talented young professionals who are interested in vocational training or cooperative education.

Flexible working hours and the option to take time off in lieu allow us to create a good work-life balance, which is a decisive factor, especially for talented new professionals. Creating a modern working environment also helps to increase our appeal. An occupational health management (OHM) system designed especially for ifm gives staff access to a wide range of exercise and fitness courses. Since February 2023, employees have also had the opportunity to lease a bicycle through the company, giving them an additional attractive benefit.



Growing
successfully
in security.

ifm company philosophy



SUSTAINABILITY STRATEGY

GRI 2-12, 2-13, 2-24, 2-27, 3-1, 3-2, 3-3

Our world faces challenges and crises. Those situations also affect our company. Through our products and services, we try to meet the complex expectations and standards while making a sustainable contribution for our customers, society and the environment. Our sustainability strategy is an integral part of our corporate strategy and is anchored in every process.

For us, this means pursuing long-term goals responsibly and reliably rather than resting on short-term success. Back in 1990, our company's founders translated the basic ideas behind what we do, our values, the things that guide us and our long-term development into the ifm philosophy > [Download PDF](#). That philosophy calls on us to demand and promote ecologically conscious decisions and conduct. We welcome our employees' ideas and input, and take their suggestions into account when developing and enhancing measures to protect the climate and the environment.

SPOTTING TRENDS EARLY

GRI 2-13, 2-23

Our strategic early reporting system transfers systematically relevant developments, trends and influences into our strategy work. In this context, we use the resources of an external consulting firm, as well as studies and trend reports, and consider information from the sales team regarding market and customer requirements. We use those



ifm demands and promotes ecologically conscious decisions and conduct.

ifm company philosophy



findings to derive a trend list that is updated on an annual basis by international executives. In addition, individual aspects are evaluated and prioritised according to their relevance for the company. We keep a close eye on the changes in trend assessments and use them for strategic learning. The overarching objective is to respond quickly and flexibly to changes and market requirements in order to take advantage of environmental and market opportunities. Based on the results, the Board of Directors of ifm stiftung & co. kg work with the management to define guidelines in the form of a strategic management matrix, which combines internal and external influences, and which is used to create and revise the strategies for the business divisions and functions.

When it comes to issues and developments beyond our control, we have no other option but to face change head-on. As a result, we address internal input from employees along with external input from megatrends and customer needs as part of an agile strategy development process to ensure that the company is well positioned. Sustainability is firmly anchored in our management matrix, as reflected in the following principles:



We have an integrated management system that also includes all relevant sustainability aspects.



Across the company, the relevant sustainability-related key performance indicators are transparent.



Our constant development, growth and improvement in terms of sustainability is anchored within the organisation.



We embody sustainability as it relates to both environmental and social aspects.



When developing new products, we consider their influence on their environment throughout their life cycle, and leverage innovative sustainable products and solutions to differentiate ourselves in the market.



We strike a balance between economic, ecological and social aspects while pursuing the goal of becoming carbon neutral by 2030. By 2025, we aim to reduce net greenhouse gas emissions to 45% (base year: 2019).

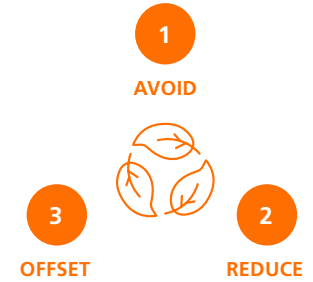
Each of these principles represents a concrete set of tasks and responsibilities that are delegated at senior management level. They include expanding the EMAS scope, incorporating sustainability aspects into the management system and addressing topics such as environmentally friendly packaging, product ingredient standards or the definition of a road map for drawing up product life cycle analyses, just to name a few examples.

ifm CLIMATE STRATEGY

The climate strategy is a key component of our sustainability strategy.

Our business operations will be¹ climate neutral by 2030.

THREE-STEP PROCESS:



GERMANY

GLOBAL TECHNICAL LOCATIONS

LATE 2022

EARLY 2023

2025

BY 2030

Road map² for the optimised use of carbon tetrafluoride³ drafted

Record total emissions (most already monitored under ISO 14001/EMAS)

Reduce 55% of net greenhouse gas emissions to zero (base year 2019)

Finalise climate strategy (2025–2030)

SCOPE 1 AND 2 EMISSIONS



Record global greenhouse gas emissions (GHG)

Reduce 100% of global net GHG emissions to zero

Remaining GHG emissions of German locations

GHG emissions of global technical locations

SCOPE 3 EMISSIONS



Record, avoid, reduce and/or offset selected Scope 3 emissions

¹ Scope 1 and 2 emissions

² Technical alternatives under review

³ Process gas: major source of emissions during the production of film carriers

We know that we need to further intensify our commitment to climate action. That is why we are currently adjusting our targets and conducting an additional analysis of the status quo that takes Scope 3 emissions into more comprehensive consideration.

SUSTAINABILITY MANAGEMENT

GRI 3-1, 3-2, 3-3

THE ifm MANAGEMENT SYSTEM AS A BASIS FOR DEFINING FOCAL POINTS, OBJECTIVES, MEASURES AND ACTION PLANS

The founders of ifm realised early on that their company would only be successful in the long term if they systematically took the environmental impact of all their activities into account, including aspects such as opportunities and risks associated with sustainability matters and resilience.

The process-oriented ifm management system is divided into three areas: leadership, value creation and support processes. It incorporates the requirements under multiple international (ISO) standards with regard to assessing the environment, as well as the planning and implementation of improvements. The integrated standards currently include the ISO 9001 quality standard, the ISO 14001 and EMAS environmental standards, and the ISO 45001 occupational health and safety standard.

EXPANSION TO CREATE A COMPREHENSIVE SUSTAINABILITY MANAGEMENT SYSTEM

Using ISO standards as guidance means making sure that the management system complies with the harmonised structure of ISO, which is the blueprint for all management system standards covered by or derived from ISO. As a result, ifm has a relatively easy option for expanding its management system to include further aspects of its business activities, even with regard to a comprehensive definition of sustainability.

The areas not directly related to environmental, health and safety protection will undergo adjustment from 2023 onward in order to be prepared for the new requirements under the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG), the Corporate Sustainability Reporting Directive (CSRD) and the associated aspects of the EU Taxonomy Regulation. Key new elements in connection with the CSRD, such as assessing double materiality and assurance standards for reporting, already exist with regard to environmental matters as a result of participation in EMAS and can be used as a basis.

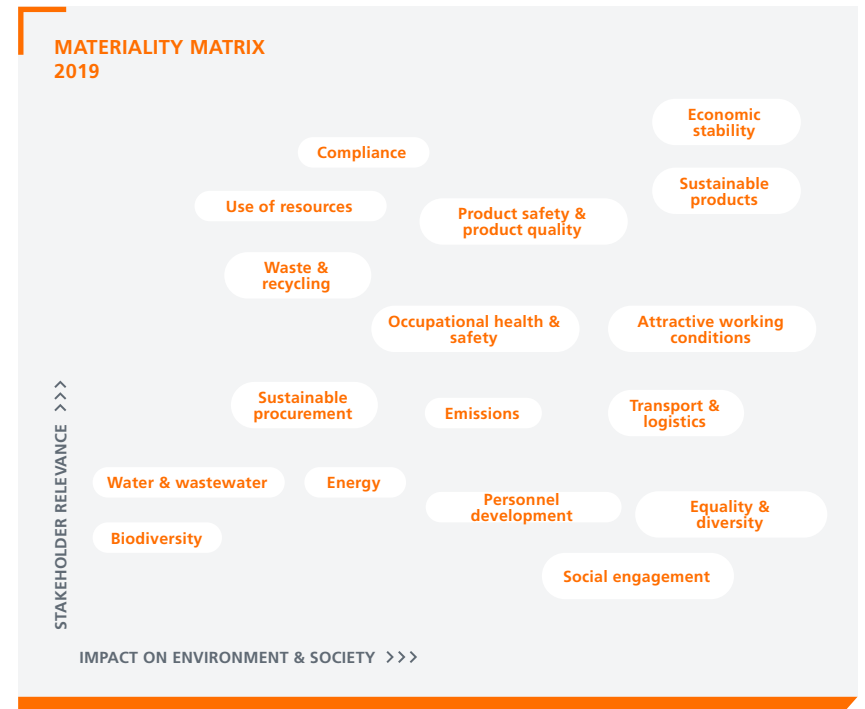
The consistent structure of the ISO management standard supports us in systematically keeping records of the context, including opportunities and risks, as well as the identification and regular review of material effects on the environment. This foundation allows us to derive appropriate leadership processes and define goals, measures and action plans for all aspects of sustainable governance. We look to internationally recognised double

and triple standards in order to face the numerous, rapidly evolving changes with the necessary long-term strategy.

MATERIAL INTERNAL AND EXTERNAL TOPICS

GRI 2-14, 3-1, 3-2

While drawing up our first sustainability report, we performed a materiality analysis and identified the most important issues in terms of our impact on the environment and society.



First, we prepared a list of potentially relevant topics based on the requirements of pertinent standards such as DNK, GRI, SASB, UNGC and ISO 26000. Then, we added topics from a competitive analysis and an analysis of leading OEMs to this list. After that, we derived a shortlist, taking into account the industry, relevance for the business model, supply chain structure and conformity with the GRI Standards. Finally, the remaining topics were assigned to the three categories value creation, the environment, and employees and society. A workshop with the persons responsible for all relevant ifm departments and an external consultant was held to present these topics and fine-tune the definitions. Subsequently, the participants prioritised the identified topics and created a list based on their assessment of their relevance for the ifm group of companies. In a final step, the Board of Directors discussed, validated and approved the findings.

The assessment is reviewed annually and adjusted if necessary. In the 2022 review, the previous main topics were confirmed, and in some cases designations were slightly changed. In addition the following topics were included: Human rights and supply chain due diligence law and (in connection with the EMAS requirements) the topic "Product-related environmental protection", which is related to the topic "Sustainable products" mentioned in 2019. The current list of essential topics for ifm can be found in the appendix.

DETERMINING MATERIALITY UNDER EMAS

GRI 3-1

A more detailed assessment is performed when it comes to environmental and occupational health and safety protection, where the relevant legal regulations and standards stipulate the requirements, as evidenced by the example of environmental protection. An organisation's direct and indirect environmental aspects are determined and evaluated according to defined criteria with regard to their significance.

The relevant environmental aspects are derived from the activities at each of the EMAS locations.

Based on the EMAS Implementation Tool, which is provided by the EU Commission and adapted to ifm, we systematically maintain records of these environmental aspects and use them to derive the significant aspects. We assign each aspect a significance value resulting from environmental impact factors such as resource consumption, emissions of environmentally hazardous substances (such as greenhouse gases) or land use. The value takes into account the quantity used, as well as existing safety or mitigation measures, to determine the actual significance and magnitude of an impact on the environment. A survey has also been performed to include staff opinions in the considerations.

STAKEHOLDER INTERESTS AND DIALOGUE

GRI 2-29

The central interest groups (stakeholders) of the ifm group of companies are our employees, suppliers and customers, as well as our owners. We use a variety of communication channels to remain in regular contact with them:

- **Employees:** Our employees are encouraged to submit their ideas and suggestions for improvement in all matters. We are in contact with them on the intranet (in the "Questions to the ifm Management" section, among other places), at "health days", at staff meetings, in the company network, through the employee newsletter, through the occupational health and safety management scheme, and on social media.
- **Suppliers:** We focus on long-standing partnerships with our suppliers that are built on trust. All suppliers are subject to a predefined evaluation process prior to contract signing. We engage with our partners at trade fairs, during on-site visits and within the scope of development partnerships.
- **Customers:** We are in constant dialogue with our customers. That is because active consultation and support are important to us. We are in regular contact with them through newsletters, brochures, podcasts, trade fairs and social media. We deepen our relationships at trade fairs, in forums, during launches of new products and technologies, and at workshops and seminars.

We also engage in dialogue with local interest groups and are in contact with educational and research institutions through university fairs, collaborations with teaching staff and by hiring student employees. In our meetings with trade and industry associations, we also engage with policy-makers, other companies and standards committees. Our work with public-sector authorities and government institutions is characterised by trust.

COMPLIANCE WITH LAWS AND REGULATIONS

GRI 2-27, 205-2

In our view, new technological approaches and processes need to be technically and ecologically manageable before they can actually be rolled out and used. Relevant markets and compulsory laws, standards and regulations are included in the overall considerations at an early point in time. Quality planning covers all of the processes that are necessary for meeting customer requirements and ensures compliance with them through defined benchmarks, milestones and checks. Environmental requirements are also taken into account.

Growing successfully in security is a central goal of our company. That also includes complying with applicable laws and guidelines in all markets in which we are active. To ensure this, we added a Code of Conduct > [Download PDF](#) to our ifm philosophy in 2013.

We are committed to the United Nations Declaration of Human Rights and to globally recognise minimum social standards. We forbid our employees

to discriminate against people on the basis of age, gender, religion, origin or any other reason.

In addition, we believe in fair competition and speak out against child or forced labour.

The ifm Code of Conduct provides all employees with a guideline that answers legal and ethical questions. It clearly states that applicable laws and standards must form the basis of our actions. To raise awareness of obeying these rules, regular compliance training is conducted at the ifm group of companies.

SDGs

GRI 3-3

The ifm group of companies' fundamental environmental sustainability goals are based on the environmental aspects of our business activities, the associated obligations, and the identified risks and opportunities. However, we are also active in a greater context as described by the UN's Sustainable Development Goals (SDGs). The reasons why some of the SDGs are particularly relevant for us are explained below:



ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

- occupational health management (OHM)
- occupational health and safety management



ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

- partnerships with universities and universities of applied sciences
- donating obsolete functioning products to educational institutions
- developing and supporting employees is a responsibility shared by all executives
- ifm Learning Factory as a virtual umbrella organisation



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

- gender, religion and other factors irrelevant to determining pay
- Prädikat Familienbewusstes Unternehmen 2020 (family-friendly company certification, familyNET-BW)
- equal opportunities when filling management positions

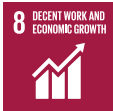


ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

- treating wastewater from film technology
- water quality – mitigating water pollution
- efficient water use (e.g. cooling circuits)

**ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL**

- reducing energy consumption (electricity and heat) by 5% in 2022
- use of green electricity
- use and expansion of renewable energies

**PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL**

- recognition of UN Bill of Human Rights and compliance with our Code of Conduct
- SMETA ethics audit
- ifm philosophy: growing successfully in security

**BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION**

- appropriate spending on innovative solutions in research and development
- process reliability thanks to ifm products

**MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE**

- different areas of application and functions for ifm sensors in the local public sector
- ifm climate strategy
- external confirmation of top environmental protection standards (EMAS)

**ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS**

- digitalisation of operating instructions saves approx. 60 t of paper
- rinsing fluid evaporation helps minimise hazardous waste
- sustainable production and procurement
- reducing product-related electricity and resource consumption
- use of ifm products to optimise processes in all sectors of industry

**TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS**

- climate-neutral business operations (Scope 1 and 2) by 2030
- downstream CF₄ (greenhouse gas) combustion
- Scope 3 emission analysis

**PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS**

- development of biodiversity strategy
- responsibility in the supply chain

**PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT**

- ifm generally does not develop, manufacture or sell products intended directly for military use or use in arms

**STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT**

- active association memberships to promote communication and exchange



03

GOVERNANCE

OBLIGATION MEETS CONVICTION

The German Act on Corporate Due Diligence Obligations in Supply Chains



The German Bundestag passed Germany's Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) in 2021. It entered into force on 1 January 2023 and obliges us to appropriately consider due diligence obligations related to human rights and the environment, mitigate risks in these areas or take action to stop breaches of such obligations. We are compelled by our beliefs to comply with these legal obligations.

The act sets high standards for transparency in the supply chain. As a result, we have decided to use an AI-based software solution to help us monitor the situation and categorise our supplier basis

in terms of country and industry risks. We have made all of our lead buyers and supplier developers aware of the new law and included them in our training programme. Beyond that, we have added staff to our purchasing department and strengthened our sustainability expertise.

In addition, selected suppliers are monitored and evaluated by means of daily, global media screening. We have also expanded the new-supplier certification process to include the requirements under the LkSG. We are aware that the issue of conflict materials in our industry merits particular attention, which is why we are conducting a dedicated supply check on the matter.



ifm intends to be a moral company.

ifm company philosophy



MANAGEMENT PROCESSES

GRI 2-23, 2-27

The **> ifm Code of Conduct** gives all employees a set of rules that provides legal and ethical guidance. It clearly states that applicable laws and ethical values form the basis of our actions. We are committed to the United Nations Declaration of Human Rights and to globally recognised minimum social standards. We speak out against child or forced labour. We promote diversity and forbid our employees to discriminate against people on the basis of age, gender, religion, origin, sexual orientation or any other reason. In addition, we believe in fair competition and reject all forms of corruption. Each of our employees is called upon to comply with the rules outlined in the ifm Code of Conduct. To raise awareness of obeying these rules, the Compliance Officer of the ifm group of companies holds regular training sessions.

Moreover, we oblige our suppliers to live up to our values by accepting our Code of Conduct for Suppliers (see “Responsible procurement” for more information).

RISK MANAGEMENT

GRI 2-25

In the ifm philosophy, the company’s management writes: “Each growing company has to take risks to work successfully. Partners and management will only take such risks that are in the interest of normal business activities and the size of which is suitable to ifm.” Risk management is an element of ifm’s integrated management system.

The group’s material risks are identified and analysed as part of the annual top-down risk management review at board level in order to assess the potential extent of any damage and their likelihood of occurrence.

The risks are prioritised based on their assessment and summarised in a list of the most important risks. Risk management measures are targeted and developed on the basis of this list, with the intensity of the measures being tailored to the priorities determined for the risks. This approach of focusing on the main risks makes it possible to manage risks efficiently by deliberately leveraging the company’s limited resources to mitigate the material risks.

The risk assessment distinguishes between net and gross risks. Net risks are the actual risks that remain after taking implemented proactive or reactive measures into account, whereas gross risk refers to the risk exposure without measures.

A risk report that ensures adequate risk communication at board level is drawn up annually in order to provide a consistent and transparent overview of material risks to the company.

Risk management is proactively oriented and aims for a continuous improvement process in order to identify potential risks at an early stage and initiate appropriate measures. Risk assessment pursues a stakeholder-based approach and takes into account the interests of various stakeholders – such as employees, customers, suppliers, public authorities and society at large – in order to strengthen trust in the company and promote stakeholder engagement.

Proactive risk management that is subject to continuous optimisation helps to ensure that the ifm group of companies enjoys sustained success and has a positive influence on society and the environment.

COMPLIANCE MANAGEMENT

GRI 2-15, 2-22, 2-23, 2-24, 2-25, 2-27

The principles laid out in our ifm philosophy are a clear signal that the group of companies is aware of its social and environmental responsibility. “ifm intends to be a moral company”, one of the maxims stated in the philosophy, plays a key role in our day-to-day actions. ifm’s general refusal to develop, manufacture or sell products intended directly for military use or use in arms, for example, is part of that commitment. One of our company’s central goals is growing successfully in security. That also includes obeying applicable laws and guidelines. To ensure that our conduct complies with the law, we added a Code of Conduct to our ifm philosophy in 2013. It was updated in 2020 and was expanded to include conflicts of interest, environmental protection and sustainability, and quality, as well as health and safety at work and child and forced labour.

ifm electronic gmbh has appointed a Compliance Officer for the ifm group of companies who is assigned to the main Internal Auditing & Compliance department. Both the head of the Internal Auditing & Compliance department and the Compliance Officer, who together perform the compliance function, have defined tasks and areas of expertise within the entire group of companies. In fulfilling its duties, the compliance function is solely bound

by instructions and information from the Board of Directors and reports directly to it. Our overriding compliance targets apply worldwide to the ifm group of companies (excerpt from the ifm corporate policy entitled "Compliance"):

- clarification of suspicious facts or indications of violations of applicable laws and internal rules or guidelines that have become known
- making suggestions for an appropriate handling of violations of applicable laws and internal rules or guidelines by the responsible central and business divisions
- further expansion and improvement of the existing compliance function and compliance organisation
- conducting training in the area of compliance
- support in drawing up and revising guidelines; providing a point of contact in compliance matters for all employees

OTHER CONTROL MECHANISMS

GRI 205-1

In 2022, SEDEX SMETA audits were performed by an independent organisation at the ifm electronic locations in Tett nang and Wasserburg, as well as at ifm prover USA. The audit was successfully performed for the fourth time at ifm electronic in Tett nang and for the second time at ifm prover USA.

The Sedex Members Ethical Trade Audit (SMETA) is one of the most frequently used audit concepts for ethical trade audits worldwide. Sedex (Supplier Ethical Data Exchange) is an organisation for companies committed to continuous improvement of ethical behaviour in their supply chains. ifm electronic gmbh and ifm prover USA, inc. were evaluated on the basis of a compilation of best practices for ethical trade. The SMETA methodology uses the code of the Ethical Trade Initiative (ETI) along with any requirements under national law as an evaluation benchmark and comprises four pillars:

- health and safety
- labour standards
- environment (optional)
- business ethics (optional)

The audit findings are compiled in a secure online database at Sedex and transmitted to various customers as required.

- Environmental compliance is ensured by structuring the management system in accordance with ISO 14001 and EMAS. State-authorised experts review and confirm such compliance annually for all locations covered by the scope during audits in accordance with the EU EMAS regulation.

ECOVADIS ASSESSMENT

At the request of certain customers, ifm underwent an assessment by Ecovadis for the first time in the reporting year. The assessment uses documented evidence to analyse and review a company's material sustainability impact in the following categories:

- environment
- labour and human rights
- ethics
- sustainable procurement

ifm was awarded a bronze medal for its commitment to sustainability, meaning that it outperformed 50% of the companies in its industry.

In addition, the Board of Directors of ifm stiftung & co. kg regularly asks Internal Auditing to perform process, financial or forensic audits and provide consultancy services at the companies and in the central divisions of the ifm group of companies. Process audits involve regularly examining selected business processes in terms of security and correctness. Internal Auditing always makes an audit assessment regarding the state of the internal control



system and proposes measures to eliminate identified weaknesses.

Internal Auditing also conducts more specific compliance audits. In 2022, for example, it reviewed the principle banning technology for use in arms.

In order to meet our due diligence obligations regarding information security, ifm electronic gmbh, ifm group services gmbh and ifm solutions gmbh in Essen, Tettngang and Siegen, as well as their relevant subsidiaries, are ISO 27001 certified. That allows us to steadily improve our information security management system for the development, production, distribution and sale of sensors from the software development process through to providing integration solutions to customers.

WHAT WHISTLE-BLOWING OPTIONS ARE THERE?

GRI 2-16, 2-26

In accordance with EU regulation, we set up a whistle-blower system in 2019. It can be used in ten languages to report potential violations of our corporate values and suspected criminal activity. The system can even be used anonymously, if desired. The central compliance organisation investigates all notifications and initiates appropriate measures.

All of our employees, as well as our customers and suppliers, can access the whistle-blower system on our home page. Employees are made aware of the whistle-blower system in compliance training courses, as well as in internal communication media such as the intranet and our company magazine.

In the year under review, the Compliance department received information on a case of fraud. Following an investigation of the matter, disciplinary action under labour law was taken and further measures initiated.

INTERNAL COMPLIANCE COMMUNICATION

GRI 205-2

We also publish information on the Code of Conduct and various compliance topics in the internal knowledge network and in the company magazine, which all employees worldwide receive.

In 2022, compliance training courses were held in person for our employees. We reported on this and on rules regarding business gifts in the company magazine and on the intranet. In-person training courses are scheduled for 2023 as well. ifm continues working intensively on the introduction of a compliance e-learning module, which is to be rolled out across the entire ifm group of companies.



VALUE CREATION

INNOVATION TO HELP PROTECT THE ENVIRONMENT

Flow sensors for
machine tools



Lubricants are used in processes involving machine tools. Despite being essential for ensuring high-quality results, they can have a negative impact on the environment due to the energy consumed by the pumps that transport coolants, among other factors. DMG MORI, one of the world's leading manufacturers of high-precision machine tools and sustainable technologies, uses pressure control to dose coolant in its machines. The technique applies the coolant at the spot where work is being performed while keeping pressure constant. Because the volume of coolant is irrelevant, the pump transports large quantities. However, a pump constantly operating at full pressure consumes energy unnecessarily.

In partnership with DMG Mori Pfronten, we have developed a concept that replaces the former pressure dosing system with new pressure control technology. Flow sensors determine the coolant flow rate with the utmost precision, even if the medium is contaminated by particles.



We need ifm-orientated pure research seeking cooperation with external institutes, universities or large industrial companies in order to gain progressive knowledge.

ifm company philosophy



ECONOMIC PERFORMANCE

GRI 2-5, 201-1

We take an integrated approach to achieving our corporate goals in order to grow successfully and securely. We measure and manage business performance using uniform key figures for sales, production, personnel, costs, development and innovations, efficiency and quality. Targets regarding sales, cash flow and return on investment are set by the management. The consolidated financial statements of the ifm group of companies were audited by the Auditor Ernst & Young.

The ifm group of companies recorded strong growth in group turnover of 17.6% in 2022, bringing the total figure up to €1,366.0m (2021: 21.1%). To be ideally prepared for the future, we focus our investments on innovation. In the year under review, for example, we spent €141.1m on research and development (2021: €123.6m). Investing in training and jobs, however, is also an important aspect of sustainable growth. We see providing secure jobs as a major contributor to social value creation in the region. Personnel expenses worldwide amounted to €572.2m, including wages and salaries, social security contributions and social benefits (2021: €497.7m). The worldwide input volume for raw materials, supplies and purchased products amounted to €419.0m in the year under review (2021: €346.3m).

CUSTOMER-ORIENTED SUSTAINABLE PRODUCT DEVELOPMENT

GRI 2-6, 3-3, 301-1

Economic indicators

in €m	2020	2021	2022
Turnover	959.3	1,161.3	1,366.0
Procurement*	274.5	346.3	419.0
Personnel expenses	394.2	497.7	572.2
Research and development	107.1	123.6	141.1

* Cost of raw materials, supplies and purchased products

The ifm group of companies optimises its customers' production processes. To act on this vision, which is also our core business, we anticipate developments, think of flexible solutions and provide them in the very best quality. Every day, 1,390 employees work in research and development to come up with new technologies and innovations. Right now, we actively use 1,170 patents and succeeded in registering 100 new applications in the year under review alone. To ensure that our products are used effectively and safely, we rely on an exceptionally large sales and service team of around 1,900 employees.

Our large product portfolio considers not only all relevant standard solutions, but also special requirements of individual industries. In addition to position and process sensors, we develop and sell sensors for motion control and safety technology,

products for industrial image processing and communication as well as identification systems and systems for mobile machines. ifm offers a wide range of IO-Link sensors and IO-Link masters. It is also actively shaping the definition of the IO-Link interface and plays a leading role in the corresponding IO-Link working groups. The open communication standard IO-Link was developed to optimally incorporate field data into automation systems.

SOLUTIONS FOR THE INDUSTRIAL INTERNET OF THINGS

GRI 2-6

By developing innovative solutions and corresponding software and cloud products for Industry 4.0, we make existing business processes digitally usable for our customers. In addition, new, integrated management options for sustainable efficiency and cost optimisation are opening up.

The latest ifm location, The SUMMIT in Siegen, brings together more than 420 ifm specialists from all areas of Industry 4.0 at a high-tech centre to develop visionary ideas and solutions in the fields of the Industrial Internet of Things (IIOT) and camera technology. One example is our moneo software, which links production with management. moneo enables bidirectional communication between ERP systems (such as SAP) and sensors, opening the door to maintenance, condition monitoring, online tracking and quality checks in real time, among other things.

QUALITY MANAGEMENT AND PRODUCT SAFETY

GRI 2-6, 3-3, 416-1, 416-2

The entire development process is part of the ifm management system – from the initial idea, system definition, concept and detail development phase, to execution and preparation for regular production. We start thinking about the sustainability of our products at an early stage of the development process. For items currently in production, we regularly review our product range to assess its compliance with various laws and regulations, such as the EU Parliament's Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the EU Regulation on the registration, evaluation, authorisation and restriction of chemicals (REACH).

To ensure compliance with the applicable rules and regulations, our management system includes a process that describes the responsibilities for the fields covered by legislation and defines the approach for sharing such information with the divisions and departments affected. It also defines the penalties for any violations.

In addition, we rely on a well-managed risk register and a comprehensive security concept that takes the following aspects into account:

- procuring products that are certified according to ISO 9001 or higher

- developing products with processes in mind
- obtaining the required application- and market-specific approvals
- assessing conformity regarding the applicable EU CE marking directives

All development and production sites are certified according to DIN EN ISO 9001:2015 and are regularly audited. Quality management is decentralised and essentially relies on the diligence of every individual employee. Process results and customer feedback are analysed daily. On this basis, suitable optimisation measures are initiated in small and large control loops as required.

We continuously improve our quality management and adapt it to the needs of everyone involved. For this purpose, we carry out an evaluation at management level once a year in addition to the regular planning meetings of the management team. The result is evaluated by the management to adapt or add target definitions, if necessary. These evaluations focus on the results and effectiveness of the audits performed, key customer satisfaction and process performance indicators, measures taken following the previous management evaluation, and process risks and opportunities.

In the reporting period, there were no violations in connection with the impact of our products and services on our customers' safety and health.

MEMBERSHIPS IN COMMITTEES AND ASSOCIATIONS

GRI 2-28

In order to further enhance standards with regard to product safety and data protection, we share our experience with national and international associations and standardisation committees. Doing so also allows us to stay abreast of future guidelines. We are primarily active in the following bodies and committees:

- Zentralverband Elektrotechnik- und Elektronikindustrie (ZVEI): working groups on explosion protection, CE marking (safety covering all EU directives among manufacturers, substance policy, product-related environmental protection and ATEX safety aspects in explosion protection)
- expert committees and working groups of the German Commission for Electrical, Electronic and Information Technologies; the European Committee for Electrotechnical Standardization (CENELEC); and the International Electrotechnical Commission (IEC)

Through its work on committees spearheaded by OI4, the IDTA and PI4.0, ifm is supporting the establishment of standards for factory digitalisation and is helping develop interoperable solutions across company boundaries.

Our work on the IEC committees has allowed us to make a significant contribution to the international technical specification "IEC TS 63208 Edition 1: Security Aspects" in the IEC SC 121A/MT7 standardisation committee. Given the previous lack of

sector-specific IEC standards for functional security over the product life cycle for low-voltage switching and monitoring devices, the specification was received very positively by the manufacturers of such products.

GREATER SAFETY THROUGH ifm PRODUCTS

GRI 416-1

Through our products, we also contribute to greater occupational safety at our customers' businesses. We develop electro-sensitive protective equipment, door switches, actuating elements and control systems. In industrial production, for example, our fail-safe inductive sensors reliably detect whether a safety gird or a safety door is closed. Safety light curtains and grids are used wherever hazardous areas must be reliably secured. Door switches with guard locking also ensure that movable protective equipment such as safety guards, safety doors and other covers remain closed in the event of a hazardous situation.

RESPONSIBLE PROCUREMENT

GRI 204-1, 3-3

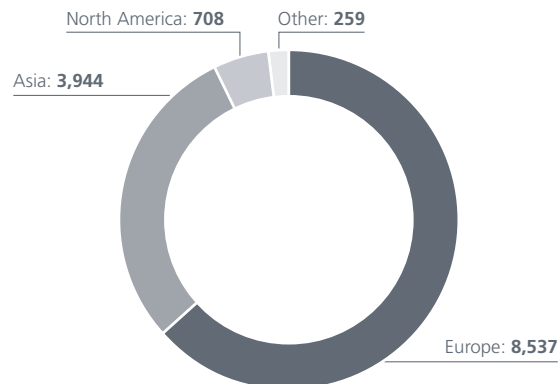
As a globally operating company, a significant part of our value creation is a result of ifm's cooperation with suppliers. That is why long-term partnerships built on trust are of pivotal importance to us. In addition to technical requirements, our suppliers are expected to comply with clear standards regarding social aspects and environmental conditions.

For materials used in regular production, Central Purchasing has a pool of about 710 suppliers and a

worldwide purchasing volume of around €365m. Procurement primarily focuses on material groups such as electronic and electro-mechanical components and sub-assemblies, machined metal parts, cables and cable assemblies, plastic injection moulded parts, and tools. Global electronic component procurement is largely handled through the distribution market in Germany. At regional level, procurement breaks down as follows:

Region	Number of suppliers
Americas	36
Asia	61
Europe	613
Total	710

Product country of origin



For bought-in products, we work with roughly 150 suppliers. The purchasing volume amounted to approximately €58m in the reporting period. Roughly 97% of that amount is procured in Europe, mainly in Germany and Italy.

For non-production material, as overseen by the purchasing department in Tettwang, we cooperate with about 1,138 suppliers. The purchasing volume for capital goods, services and materials not bound to the bill of materials for our Lake Constance locations amounted to €41m in the reporting period. Roughly 95% of that amount is procured in Europe, mainly in Germany. The focus in terms of capital goods procurement is on production equipment, business equipment and storage systems, as well as on materials for equipment construction.

Provided that economic size and quality are comparable, we pursue a local-for-local strategic approach. As a result, our procurement regions are often close to the locations of our operations. Wherever possible, we purchase our key material groups from regional suppliers as well. For example, 43% of the raw cable equipment needed for the plant in Poland now comes from the local market. We procure a substantial proportion of the weight- and volume-intensive materials for our European sites from local companies within a radius of up to 200 km.



CLEAR STANDARDS FOR BUSINESS PARTNERS

GRI 308-1, 308-2, 414-1, 414-2

In terms of supplier promotion and development, the central purchasing department of the ifm group of companies follows a systematic process that takes commercial, quality and environmental aspects into account, as well as social issues such as freedom of association, collective bargaining and respect for human rights. We visit all new suppliers prior to approval and evaluate at least the supplying production site, with special attention being paid to new suppliers of materials for regular production. In the course of the business relationship, further on-site visits are made to support supplier development and promotion or due to joint projects.

We expect all suppliers to respect and share our values. As a result, all business partners are bound by a code of conduct that is based on the ifm philosophy and the ifm Code of Conduct, and expressly forbids discrimination, corruption, bribery, forced labour and child labour. Our business partners must comply with all applicable laws, guidelines and standards. They are also required to ensure data protection and promote environmental protection and occupational safety within their sphere of influence.

All business partners that supply materials for use in regular production, bought-in products and capital goods are obliged to sign the Code of Conduct and acknowledge the requirements that are laid down in it. If new or deviating elements

are added to it, we require a new signature. If a business partner does not sign the Code of Conduct, we will contact them directly. Our goal is to have 100% of such business partners sign the code and agree to our requirements. As of now, 99.5% of bought-in product suppliers have given their consent, with 94.8% of suppliers of materials for use in regular production having done likewise.

The basic principles of the Code of Conduct are also contained in the contracts with our strategic suppliers. In addition, we have defined our requirements in our conditions of purchase, which include respect for human rights.

In addition to the Code of Conduct and purchasing conditions, we draw attention to our environmental and chemical management specifications when placing orders. Our integrated environmental management system also requires our business partners to continuously improve their environmental performance by means of adequate environmental management. As a result, we will increasingly demand standardised environmental management systems from all current strategic suppliers and new suppliers. For this purpose, we conduct annual reviews to see which of our suppliers have an environmental management system in place. Suppliers of materials for use in regular production that have an environmental management system will be given preference in case of identical prices and conditions. Roughly 43% of our suppliers who provide materials for use in regular production currently have an environmental management system in accordance with

ISO 14001, EMAS or comparable standards. Our supplier standards also specify a responsible approach to chemicals management so as to ensure compliance with relevant laws and regulations, particularly the EU chemical regulations (REACH), the Hazardous Substances Ordinance (Gefahrstoffverordnung – GefStoffV) and occupational safety regulations. Compliance with REACH and the EU Directive on the use of certain hazardous substances in electrical and electronic equipment (RoHS) is a fixed criterion in the approval process for all parts purchased from suppliers of materials used in regular production. All relevant articles our suppliers deliver to us must comply with EU Directive RoHS2 (2011/65/EU). In addition, an appropriate internal monitoring procedure is aimed at ensuring that certain hazardous substances are not unintentionally used in our products.

According to the process descriptions, the potential supplier must provide all necessary documents and evidence pertaining to environmental protection as an integral part of the approval process – including documents such as full material declarations, entries in the International Material Data System (IMDS) or a supplier declaration according to the ECHA list of Substances of Very High Concern (SVHC), which provides information about the hazard potential of chemical substances.

If a supplier violates fundamental requirements of the supplier relationship, we will initiate appropriate measures, which may range from a warning and a request to meet the requirements in the future to a termination of the business relationship.

SUPPLIER AUDITS AND EVALUATION

GRI 406-1

Suppliers are subject to audits on all relevant aspects of the Code of Conduct. In addition to our annual audit planning, further audits are performed as required. The decision is made by the responsible Head of the Supplier Management department in consultation with the Lead Buyer Management department. A total of about 40 audits are performed each year.

Each new supplier of parts used in regular production is visited by a buyer or supplier developer before being included in the ifm pool of suppliers. The supplier is not added to the pool of suppliers if gross environmental protection violations become apparent on site. During the initial meetings with the supplier, our environmental requirements – including a suitable chemicals management – are also addressed in order to comply with regulations such as REACH. No violations of environmental laws and regulations were reported in 2019.

We pay particular attention to the observance of human rights by our suppliers. Supplier developers or buyers from ifm visit our suppliers of materials for use in regular production and evaluate them with regard to social aspects. In 2022, there were no irregularities regarding anti-competitive behaviour, incidents of discrimination or violations of laws and regulations. Worldwide, we do not see any suppliers as posing significant risks of child labour and did not detect any cases of child labour among our suppliers in the year under review.

SHIPPING AND LOGISTICS

GRI 3-3, 302-4, 305-5, 306-1, 306-2

The lion's share of finished products from all Lake Constance locations is transported directly from Tettngang to the logistics centre in Essen every day. Approximately 20% of these products are shipped directly from Tettngang to major customers. Both the logistics centre in Essen and the location in Tettngang-Bechlingen are known consignors, as certified by Germany's Federal Aviation Office.

The logistics centre in Essen also receives products from all technical locations around the world.



Essen logistics centre

In addition, the logistics centre continues to handle bought-in products. The unpacking and repacking of products produces packaging waste. To reduce this waste as much as possible, all ifm companies use standardised system cardboard boxes for dispatch that are also used for storage and transport to the customers. Some of our larger suppliers of bought-in products also deliver their products in these system cardboard boxes.

The products are then stored in a fully automated system. In preparation for shipping, customer orders are placed on pallets for collection and transport by the logistics service provider. Because the logistics centre is relatively new, it uses one of the most energy-efficient systems presently available. The extremely low energy consumption is a result of the reduction in shuttle and lift loads compared to conventional storage and retrieval systems. In addition, the logistics centre is equipped with a smart electricity monitoring system that recovers energy when the lifts and shuttles brake. The approach earned the manufacturer the VDI innovation award for logistics in 2016.

Drop shipping, which involves dispatching goods directly from the technical locations to the customer, is undergoing expansion. In future, the production companies will be able to ship goods to customers of their own accord, either by air or by truck.



THIRD-PARTY TRANSPORT

All global transports are handled by freight forwarders and are shipped by road or by air. Waterways are used rarely, mainly on account of the long transport times. Within Europe, goods are shipped by road. Train transport is very difficult at the present time due to national borders and factors such as differences in train control systems. Outside of Europe, the possibility of a train link to China has been considered but ultimately rejected as a reasonable alternative for the time being owing to higher costs and significantly longer transport times. Goods destined for locations outside Europe are shipped by air. Because availability, reliability and performance are key competitive criteria, air freight currently accounts for roughly €7.2m of €17.3m in total shipping. For example, air freight shipments depart for China and the United States five times a week. Shipments to countries outside Europe are initially stored in proprietary on-site warehouses before being dispatched to customers.

International shipments are handled solely by major freight forwarders, with regional freight forwarders handling some domestic shipments. More than 1.38m packages are shipped every year. Four different sizes of standard cardboard boxes are used in order to keep packaging to a minimum.

Plans are in place to expand drop shipping in the interest of optimising transport routes. Technical locations outside Germany would then be responsible for shipping their own products to customers, without having to go through Essen first. The approach was rolled out Europe-wide at the location in Poland in 2019, with destinations in the US and China following suit in 2020.



05

SOCIETY

“PEOPLE ARE AT THE HEART OF EVERYTHING WE DO.”

GRI 2-22

ifm combines the benefits of a family-run company with the advantages of a global technology developer. The result? A secure and attractive working environment that embraces fairness, respect and the creativity of our team.



**STEFFEN FISCHER,
CHIEF HUMAN
RESOURCES OFFICER**

Human rights is one of the defining issues of our time, not least as a result of the German Act on Corporate Due Diligence Obligations in Supply Chains that entered into force on 1 January 2023 as well as countless other stakeholder audits and surveys. Upholding and respecting human rights is a fundamental responsibility of all businesses, regardless of their size and the industry in which they operate. As a socially responsible company, we recognise the importance of human rights in creating a sustainable and fair future. Not only are we aware of our responsibility, we are also sending out a message through our organisational structure: our Chief Human Resources Officer is also directly responsible

for social responsibility as Social Sustainability Manager and Human Rights Officer at management level at the ifm group of companies. This structure ensures that all global companies apply the same approach to this subject. We realise that, as an enterprise, we have a major influence on society and the environment, and therefore have an obligation to ensure that we do business in a way that upholds and respects fundamental human rights.

In this part of our report covering social sustainability, we would like to present our efforts in this area as well as the progress we have already made, and reinforce our commitment to supporting and advocating these rights in all areas of our business. We firmly believe that a sustainable future for everyone is only possible if all of us – our employees, suppliers, customers and stakeholder groups – work together closely.



It might be possible sometimes to buy the employees' sympathy. However, it is not worth much if it is not given out of people's own free will.

ifm company philosophy



ORGANISATION AND MANAGEMENT

GRI 2-22, 3-3

Our human resources principles are defined in the ifm human resources strategy. This strategy is the cornerstone of our corporate strategy and is based on the ifm philosophy with the guiding principle: People are at the heart of everything we do. We always make decisions on the basis of megatrends such as demographic transformation, changing values, digitalisation and virtualisation, globalisation and increasing resource scarcity. That's why the ifm group of companies defined five core topics for its human resources management as part of the 2021–2025 HR strategy:

GROWTH AND DEVELOPMENT

Our appeal as an employer in the local areas around our global locations is outstanding.

We are currently expanding our feedback channels and employee integration with the addition of a variety of formats including ask the management and fireside chats. The working relationship with works councils at all locations is also being optimised. Not only that, training courses will be offered internally in the future.



People are at the heart of everything we do.

Guiding principle of the ifm philosophy



INTERNATIONALISATION

We train and upskill ourselves at all of our locations around the world. We are life-long learners and look to the requirements of the future. We foster intercultural exchange, particularly when it comes to making improvements.

International growth is supported through human resources, with teams around the world maintaining regular dialogue on key HR topics. The inaugural international HR manual is set to help achieve the strategic target.

GLOBALISATION & DIVERSITY

All ifm employees share and embrace the values defined in the company philosophy across international and cultural borders. We are a strong ifm team that stands above the barriers of language, culture and religion.

DIGITALISATION

Digitalisation simplifies our processes and boosts our efficiency. Teams use smart, collaborative technologies to optimise the way they work and communicate transparently.

More and more digital tools are being used to enhance the effectiveness and efficiency of our HR processes and achieve our strategic digitalisation target. Focused further training on digitalisation and the future of work is also offered at the ifm

Learning Factory. A revised framework concept for remote work/working from home in Germany is currently being released for the post-Covid era.

SUSTAINABILITY

At ifm, our outstanding reputation as an employer that embraces sustainability both in the environment and in a social capacity is able to be perceived and experienced by all.

In relation to our strategic sustainable target, we conduct regular employee surveys on a variety of subjects such as work and lifestyle and health, the findings of which are subsequently actioned at the company. As part of our sustainability efforts, we have also appointed a Social Sustainability Manager and are currently drawing up a concept to illustrate what social sustainability means to ifm within the scope of the three-pillar model.

Key human resources topics are coordinated centrally and standardised where possible to structure the growth of the ifm group of companies successfully. At the same time, we are realigning the human resources strategy in a decentralised structure so that we can respond flexibly to local and market-specific requirements. Centralised and decentralised responsibilities are defined in corresponding manuals.

We are currently setting up special dialogue forums to foster the continuous improvement of operative human resources processes and are also working



on gaining a holistic view of otherwise unrelated individual processes and, if necessary, linking them together. We continuously monitor new developments, human resources topics and megatrends and are responding to them with more and more coordinated, centralised solutions.

REMUNERATION

GRI 2-30, 401-2, 407-1

We offer our employees fair, appropriate and regionally acceptable remuneration. Our remuneration model is designed in such a way that each position is assigned a salary range according to the required qualifications, professional experience and knowledge. Factors such as gender and religion play no role whatsoever. All employees also have the chance to participate in the success of the company in the form of a bonus scheme. Temporary workers are not part of this payroll system, but shift bonuses are passed on to temporary employment agencies.

We have developed our own remuneration model, NEXX, which is based on the remuneration framework agreement (ERA). NEXX is recognised by the industry association and is now recommended as an alternative to ERA. ifm is not a member of a collective agreement because the conditions of the ERA do not correspond to the personnel policy of the company, especially with regard to performance-related pay.

EMPLOYEE RIGHTS

GRI 3-3, 407-1

As a supporter of the Ethical Trading Initiative (ETI), we have recognised the ETI Base Code that includes among its requirements freedom of association for our employees. The ETI Base Code is stored in all available languages in ifm's internal knowledge network, and physical copies are also frequently handed out. We inform our employees in due time and in accordance with statutory notice periods. We firmly believe that this will improve our support of workers' rights and respect for human rights. In particular, we are committed to ensuring

- that all workers have the right to join or form unions of their own choosing and to bargain collectively;
- that the employer is open to trade unions and their organisational activities;
- that employee representatives are not discriminated against and have the freedom to exercise their representative functions in the workplace; and
- that, where the right to freedom of association and collective bargaining is restricted by law, the employer facilitates the development of parallel means of independent and free association and bargaining activities rather than hinders it.

In 2019, an independent third party carried out ethics audits under the Sedex Members Ethical Trade Audit (SMETA) scheme at ifm electronic gmbh and ifm prover USA, inc. These audits also reviewed compliance with the ETI Base Code (for more information see the chapter on compliance management). Another audit was carried out in the year under review, 2022. No operating sites were found to violate or seriously threaten employees' right to freedom of association or collective bargaining.

ATTRACTIVE EMPLOYER

GRI 3-1, 3-2, 401-1

CHALLENGES

The current shortage of skilled workers, coupled with the general trend of demographic change, means that the pool of candidates for vacancies in Germany is shrinking. This is an issue at all locations around the world. But the ifm group of companies is not alone: competitors also have this problem to contend with, something that is fuelling a competitive labour market. Part of the shortage of qualified candidates, particularly in our industry, is down to the limited specialist expertise among candidates. In addition, low unemployment in the regions where ifm operates – particularly in the Lake Constance district – makes it even more difficult to fill vacant positions.



Besides the developments on the free market, internal processes also pose particular challenges that we have to face here at ifm. On the back of consistent growth and significant success over the past few financial years, the ifm group has steadily evolved from medium-sized enterprise to global player. As a result, structural and organisational demands have increased, and human resources have had to be maximised. The challenges brought on by digitalisation, both in relation to upskilling and digital recruiting, have led to the need for new operating processes and tools in human resources. We are concentrating our efforts on standardising our processes and offerings to maintain a holistic market presence in the interests of the ifm group of companies.

RISKS AND OPPORTUNITIES

OPPORTUNITIES

Thanks to the consistent growth of the ifm group of companies and the commitment defined in the company philosophy to never letting employees go for operational reasons, ifm is able to position itself as a secure and reliable employer. A global careers portal is set to be launched in 2024 to further enhance ifm's positive image and establish new, digital contact points along the candidate journey. This will increase the level of mobility within the group while also making the process more transparent for global talents and expanding our talent pool. The process will also be supported by the

roll-out of an international human capital management (HCM) suite, where all global vacancies will be posted, in the coming years. The global careers platform will act as a platform where job vacancies will be stored, facilitating collaboration and coordination within the various human resources departments. Our international locations allow us to significantly expand our talent pool.

Our philosophy at the ifm group of companies makes us stand out from the crowd. Our ethical principles, which include not manufacturing any products for military purposes, are a unique attribute at a time when building a sense of purpose in the workplace is becoming increasingly important.

We want everyone at the company, from management to regular staff, to identify with the company and its vision. We reinforce our reputation as an attractive employer by offering competitive pay, working hours and fringe benefits, including upskilling and development pathways, occupational health management, childcare services and pension schemes. The Recruit a Friend bonus programme rewards employees for helping to fill a vacant position. We often receive job applications from candidates who we have been recommended to as an employer, and we like to reward our employees with a bonus for every successful referral. This increases the suitability of incoming job applications and increases the level of commitment to ifm as an employer.

RISKS

ifm's evolution from medium-sized enterprise to global company also has its risks. The necessary changes to organisational structures, including a greater emphasis on central guidelines and specifications, may be implemented too slowly or not to a sufficient extent, jeopardising further growth.

Our locations around the world also face their own specific risks. The extent to which the strategies adopted by the ifm group will overcome these challenges, and where new issues will arise, will become clear in the coming years. We will also see whether ifm will have to establish new locations where the talent it needs can be found. Thanks to demographic change, which will gain further momentum over the next ten years – particularly in most industrialised economies in the West – competition will only become stronger.

MANAGEMENT APPROACH

GRI 3-3, 401-1

The management is well aware of the importance of happy, motivated employees. The ifm group of companies can only attract new members to its team, while retaining existing staff, if the working conditions it offers are attractive. Our communication policy in this area is clearly defined and transparent. The owners of the company and all management personnel regularly respond to questions

from the team, or provide updates in the form of podcasts or interviews. Ad hoc employee surveys are conducted, which are then systematically analysed and used as a basis for recommended courses of action. In addition, review websites such as glassdoor.com are monitored and reviews are responded to.

At the moment, our efforts are concentrated on the following topics:

- stronger focus on topical issues such as work-life balance, childcare, health and wellbeing;
- opportunities for further development (“grow!” programme);
- improvements to management/management training (“lead” programme); and
- emphasis on next generation of management talent, who are currently in training or completing their studies, and internal further qualification of these individuals.

MEASURES AND EXAMPLES

We are expanding our candidate management and approach to employee retention so that we can attract new talent and ensure that they stay with the company. For this purpose, we are strengthening our human resources marketing and recruitment programmes, as well as introducing a global HCM suite to digitally optimise strategic human resources management. Collaboration with recruitment service providers is increasingly coordinated centrally to guarantee uniform standards.

RESULTS

GRI 2-7, 2-8, 401-1

In the year under review, we gained 718 new employees worldwide and recruited 51 trainees. We consider employees’ long careers at the ifm group of companies – extending to 42 years in some cases – and a low turnover rate to be a testament to the positive working environment.

Results

	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022
Total	7,217	7,972	8,595
Germany	4,485	4,839	5,127
Production abroad	1,213	1,525	1,764
Sales abroad	1,519	1,608	1,704
Total abroad	2,732	3,133	3,468
Type of contract (excluding temporary employees and freelancers)	7,063	7,702	8,397
Fixed-term	1,117	1,459	1,755
Permanent	5,946	6,243	6,642
Gender	7,217	7,972	8,595
Female	3,204	3,594	3,939
Male	4,013	4,378	4,656
Employee category	7,217	7,972	8,595
Trainees	215	236	228
Temporary employees	154	270	198
Blue collar workers	2,197	2,547	2,844
White collar workers	4,651	4,919	5,325
Turnover in %*	4.25	5.16	5.67

* Excluding temporary workers; including retirement, termination by employee and employer, termination agreement



OUTLOOK AND TARGETS

ifm aims to position itself even more strongly as an employer of choice among relevant target groups in the coming years. To do so, it has expanded its employer branding activities and rolled out a new design globally that clearly illustrates the employer value proposition. In addition, structures within the HR organisation are being adapted to meet the changing requirements of a growing group of companies, with dual structures removed where possible and responsibilities defined more clearly. More intensive training is also being offered to everyone involved in the recruitment process to implement modern, innovative recruitment measures and improve the candidate experience.

ifm has been certified as an outstanding training company (*ausgezeichneter Ausbildungsbetrieb*) since 2015 and ranks highly in the annual survey on top employers.

OCCUPATIONAL HEALTH AND SAFETY

GRI 3-3, 403-1

We consider safe working environments and the promotion of a healthy lifestyle to be particularly important ways of supporting the motivation and performance of our employees.

Likewise, we also expect our business partners to maintain a high level of work safety worldwide and to promote the health and safety of their employees (see "Responsible procurement" for more information).

In order to move closer to meeting our targets and in the wake of the restrictions imposed during the coronavirus pandemic, we are planning to apply for DIN EN ISO 45001 certification for our management system in mid-2023.

Through this certification, we want to be able to identify previously unknown risks more quickly but also utilise the associated opportunities to continuously improve working conditions. We would like our employees to return home to their families healthy after a day's work.

Our management system also includes the increased use of the PDCA cycle and its methods, as well as open, targeted and respectful communication at all levels of the company, both internally and externally.

We will also be including all management levels and all employees in the continuous improvement process through a simple performance indicator system and clearly communicated targets.

We have started to review occupational health and safety activities at our locations in Germany and begun consolidating them where possible. The first milestone in this process was establishing a single platform for the individual occupational health management (OHM) groups at our locations.

Reviews of workplace safety are ongoing, although initial synergies have already been achieved.

Existing indicators and processes that are already in place form the basis for our current approach, but they are being analysed as part of our continuous improvement process. This review process examines how the indicators and processes fit into ifm's highly innovative environment. If they fail the test, the processes or indicators must be adapted to the changing conditions in consultation with ifm's management and employees.

OCCUPATIONAL SAFETY

GRI 403-2, 403-5, 403-9

Risk assessments are frequently performed at all of our locations so that we are able to pinpoint risks to our employees at an early stage and prevent them from materialising. Assessments cover workplaces, machinery and hazardous materials, with protective measures then being defined and implemented where necessary. When performing these assessments, management receive expert assistance from the company doctor and occupational safety specialists.

Employees are notified of any remaining residual risks in the form of work instructions or operating guidelines. Necessary rules of conduct are also explained or described.

All incidents that lead to injuries are documented and regularly discussed in corresponding committees so that preventative measures can be determined.

In spite of our efforts, there were two incidents involving personal injury at the Bechlingen location. Both injured employees required hospital treatment, but will not suffer any long-term effects as a result of the accidents.

The incidents were investigated with external assistance and measures aimed at optimisation were defined. No misconduct on the part of ifm was determined.

Key figures on occupational health and safety at the Lake Constance location*

	2020	2021	2022
Number of reportable work-related accidents	10	22	24
Number of reportable days lost due to work-related accidents	79	342	350
Number of accidents on the way to or from work	12	12	15
Number of reportable days lost due to work-accidents on the way to or from work	185	507	235

* The figures refer to all current employees and temporary workers at the Lake Constance location. Data is not collected for specific employee categories

Work-related accidents

	2019	2020	2021*
Work-related accidents (per 1,000 employees)	6.3	3.2	17.1

* Only the figures for the year 2021 were available at the time of preparing this report. The BGTEM trade association usually supplies its figures around July.

IMPROVEMENTS TO HEALTH PROTECTION

GRI 403-3, 403-4, 403-5, 403-6

Only healthy employees can enjoy being at work and deliver the performance that a rapidly growing technology company requires. For this reason, occupational health management (OHM) is an important part of the personnel strategy in Germany. It is based on the three pillars: health promotion, healthy working environment and healthy leadership.

OHM includes numerous measures to promote good health in the workplace, such as an extensive range of sport and exercise programmes. It also comprises the collection of key figures and analysis, the organisation of sporting events, surveys, prevention courses and company sports groups and the deployment of company doctors.

One central topic is selected as part of OHM on an annual basis. In 2022, the locations at Lake Constance and in Essen and Siegen each chose their own central topic. Lake Constance focused on resilience, Essen concentrated on nutrition while Siegen opted for stress as its central topic. Measures and activities were then organised throughout the year based on these central topics. At the Lake Constance location, presentations were given on

the subject of resilience. A series of mindfulness activities were also organised over several weeks, along with workshops on the subjects of resilience and healthy relationships. Employees were familiarised with the topic using a variety of other formats, with specialist knowledge transfer taking place throughout the year. Measures in 2022 also included intranet articles, online presentations and workshops. Special activities were organised for management on the subject of healthy leadership. The running group and various exercise courses and activities started back up again in 2022 after the pandemic. A health day was organised in the year under review at the Lake Constance location, in Essen and in Siegen.

In 2023, a single central topic is to be chosen for all of the German locations. To prepare all locations for the joint go-live, healthy living has been chosen as the overarching topic for all locations, split into three sub-topics: healthy body, healthy mind and healthy environment.

TRAINING AND EDUCATION

GRI 3-3, 404-1, 404-2

The ifm group of companies aims to offer its employees demanding tasks while also giving them the skills to rise to this challenge. It's up to all of us to make a contribution to the success of the company. For this purpose, we rely on systematic training and further education – in line with our company philosophy: “growing successfully in security”. From this we define our mission to employ the right people at the right time at the right place, to the right extent and in the right organisation.

We constantly readjust our training and further education in accordance with the needs of the specialist departments, and regularly consult with them on their requirements. One of our recent measures involved increasing training capacities for IT skills. Personnel development is in place at both a national and international level. It is embedded into our global human resources strategy, offers our employees long-term prospects and also contributes to the achievement of our targets. The ifm talent strategy that is anchored in our development programme underlines the great importance of talent management.

External seminars and in-house training and education are organised, funded and scheduled by ifm through personnel development or the specialist department. For external training and education, such as master craftsman training or bachelor's or master's degrees, we generally assumed 50% of the costs of the course and 50% of the costs of the employee's absence, although individual agreements can be reached. Annual leave for training purposes can be applied for at any time. We also allow employees to reduce their working hours so that they can study or train alongside their work.

On average, group services gmbh Tettngang employees completed 2.33 days of training and education in the year under review; employees at electronic gmbh Tettngang spent an average of 0.95 days in training and education in the year under review (1.41 days of training and education per employee for both ifm group services and electronic) as well as 888 (ifm group services) and 666 (electronic gmbh) hours in English lessons. In Essen, our employees

spent an average of 2.25 days (2021: 1.05; 2020: 0.58) in soft-skill and specialist training and received over 480 hours of English lessons (2021: 139; 2020: 400). A total of 174 employees also took part in product training. Sales employees in Germany completed approximately 680 hours of English lessons in 2022.

The development and support of our employees is a key task for all members of the management team. The management is responsible for accompanying employees on their development pathway, motivating them and helping them to complete their training. This gives employees at ifm the targeted support and assistance they need in their own personal development.

In 2020, we successfully introduced a new trainee programme at our Essen location to build up our management positions. Two trainees are currently part of the programme, with a further two set to join in the near future. We are currently strengthening our management expertise on the basis of the K8 model, while management training has been organised nationally and internationally since 2018. The K8 management competency model includes eight specific management competencies that contribute to a significant degree to securing the long-term success of the company and implementing the guiding principles defined in our company philosophy (competencies: problem-solving, specialist and process competency, conflict resolution, communication and cooperation, social and intercultural competencies, leadership skills, entrepreneurship and systematic implementation, innovation). All members of the management team



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EMPLOYEES TOOK
PART IN PRODUCT
TRAINING

receive a performance review in annual meetings, where specific targets are agreed that can trigger targeted training measures.

The aim of the grow! programme is to uncover existing potential at the company. ifm wants to identify and promote these hidden talents and draw on internal potential in succession planning. The programme is aimed at talents without any existing expert or leadership roles, as well as existing specialists and members of the management team. grow! was launched in May 2022 and runs for 18 months. The application process began in November 2021.

The lead² programme focuses on the targeted and individual development of our experts and managers. Mandatory training courses, workshops, coaching etc. facilitate regular and individual development. The development programme comprises mandatory and elective courses. The modules in the mandatory course are set in stone, whereas the elective modules can be chosen individually by the participant. The lead² programme involves around ten hours of training per year and was officially launched on 1 January 2022.

As part of a cross-mentoring programme at Lake Constance locations, experienced members of the management teams of various companies shared their experiences with the next generation of managers. The young talents not only gained new perspectives on their future roles, they were also able to learn from their mentors away from company hierarchies in an open and trusting environment.

ifm LEARNING FACTORY

The ifm Learning Factory is the virtual umbrella organisation of the decentralised personnel development departments of all ifm locations in Germany. Besides the joint personnel development platform, decentralised organisation is essential in reliably securing knowledge and quality over the long term.

The ifm Learning Factory team is made up of personnel development staff from all ifm locations in Germany and is the first port of call for any and all questions relating to further training. The ifm Learning Factory is divided into eight main pillars:

Training Our mission is to give our trainees all of the tools they need and support our trainers as best we can. We offer regular training courses and workshops both to trainees and students and to training personnel.

Mandatory training Mandatory training courses are all training measures that are required on a regular basis, such as soldering training for production employees, security training and first-aid courses.

ifm knowledge Under the motto “Employees train employees”, we want to ensure that knowledge that is specific to ifm is passed on to others within the company. Measures include company presentations, product information and innovation and technologies.

Management development General training for members of the management team is organised centrally. Special training courses for managers, including coaching and cross-mentoring, are also possible in consultation with personnel development.

Language and intercultural skills As our company becomes more and more international, we offer our employees targeted language training and a range of presentations on topics such as intercultural skills and diversity.

Software training Given the dynamic pace of change in IT and software, we offer training courses on all relevant programmes including SAP, basic and refresher courses and open software training.

Work and living Health management project groups at our locations offer a broad range of programmes focusing on healthy living, including prevention courses and a company sports group.

General topics Training courses are also organised on a range of other subjects, including methods and social skills, work processes or time and project management.

The ifm Learning Factory is being used as a basis to expand the training and education environment even further in Germany. Employees are regularly kept up to date on the latest opportunities for further training education.

DIVERSITY AND EQUAL OPPORTUNITIES

GRI 3-3, 405-1

As an internationally operating company, the ifm group of companies embraces and appreciates the diversity of its workforce. In times of globalisation, individualisation and shortage of skilled workers, we believe that our workforce gives us the edge on the market and the competition. The war for talent, which has already been waging for years, has become even more exacerbated and poses a major challenge to the ifm group of companies. We regard people with different backgrounds as an opportunity to help us achieve our targets, as we benefit from a diversity of approaches created by different cultural contexts and experiences. At the same time, we also believe that there is a risk that this process of social change does not prove to be successful. The management team plays a particularly important role here, both in ensuring we achieve our targets but also in helping to create a positive corporate culture and in promoting attractive working conditions for all employees. One of the most important elements of management training is covering the relevant management requirements in the newly created grow! and lead² management development programmes, with management personnel selected according to the defined criteria.

In addition, a concept introduced in 2017 defines how the group of companies addresses the topic of diversity and ensures that each and every individual is taken into suitable consideration. The concept is being implemented on a step-by-step basis. Our Code of Conduct includes a ban on all discrimination on the basis of age, gender, religion, origin or any other reason.

In the year under review, 87 women held management positions in Germany (2021: 81), which equates to a share of 13.06% (2021: 13.61%).

The ifm group of companies applies its policy of equal opportunity to all positions of management and aims to fill vacancies purely on the basis of performance.

WORKING TIME MODELS AND PARENTAL LEAVE

GRI 401-2, 401-3

We offer our employees flexible working hours, with a variety of part-time models available across all departments, including in production, where part-time hours are particularly popular among female employees. Two part-time employees will share a single shift for reasons of efficiency. We have also been testing desk- and job-sharing models in the human resources department for over a year, where two part-time employees share one full-time job. The employees work together on one day in the week to guarantee an effective changeover.

Every year, the Tettngang-Bechlingen location offers childcare facilities during the summer holidays to make it easier for parents to work while their children are out of school or nursery. Similar services were also provided at ifm's locations in Essen and Siegen. At the Tettngang-Bechlingen location, the children of 68 ifm employees were cared for during the holidays in 2022. A further ten Ukrainian children (from seven families) also utilised the service.

We endeavour to make returning to work after parental leave, and striking a positive balance between work and home life, as easy as possible. A total of 226 employees took parental leave in 2022 (2021: 223). Of these employees, 92 have since returned to work and 10 have left the ifm group of companies. By way of comparison: in the previous year, 100 employees returned to work and 20 left the ifm group of companies entirely.

SOCIAL ENGAGEMENT

GRI 413-1

As a family-owned company with strong local roots, we know full well that we have both an economic and social responsibility and therefore like to ensure that people in the local area can participate in our success. We maintain an open dialogue with our stakeholders and include them in our social engagement efforts. We are keen to present our responsibility in a transparent manner and are also committed to acting responsibly and achieving our sustainability targets moving

forward. It is often difficult to give consideration to different stakeholder groups and to properly understand their needs while effecting fair distribution. Ensuring compliance with all legal requirements and provisions in order to avoid compliance risks poses a major risk with regard to social engagement at our group of companies. We also believe that social engagement presents a clear opportunity to strengthen our reputation as a local company and to motivate our employees if they can identify with our corporate culture and our targets. As a result, we stand out from our competitors in the fight for talent.

Our social engagement takes a number of different forms:

- Science and education: Partnerships with higher-education institutions, by sponsoring a lecture theatre, supporting student projects like Formula Student or participating in events such as Girls' Day.
- Cultural events: Support for the Tettngang marketing office in various events, such as the Tettngang Barockschloss festival.
- Social projects: Fundraising drives for social institutions and associations with a tombola at the company Christmas market (raising money for various charities including Urmel Kinderkrebshilfe, Radio 7 Drachenkinder and local children's homes), funding for projects such as Fußball trifft Kultur.



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CHILDREN OF
ifm EMPLOYEES
RECEIVED CHILDCARE
SERVICES DURING
THE SCHOOL
HOLIDAYS

- Personal engagement from employees: Paid leave for employee volunteering, including as part of the THW emergency support, and creation of a special office for employees with relatives in regions affected by war or natural disasters for the provision of aid and assistance.

SUPPORT FOR UKRAINIAN REFUGEES

- Employment of Ukrainian refugees at our locations in Poland in Romania. Around 22 Ukrainians have also found work at the German production locations of ifm prover, ifm efector and ifm electronic in Wasserburg.
- In-house project to help refugees find employment and integrate themselves into the German labour market. At ifm prover, for instance, a German language course was organised for Ukrainian employees. A position has been set up within the ifm group services human resources department in Tettngang for initial contact with and recruitment of people from Ukraine to ensure the best possible integration of new employees.
- Many ifm colleagues have dedicated their time to helping Ukrainian refugees. Since the start of the war, 178 people have been housed in safe accommodation. Every Friday a convoy of vehicles heads for the Polish-Ukrainian border. "We pick up 53 people on Saturday and Sunday (maximum bus capacity) and drive them to the Czech Republic, where we have accommodation for them," said Kamila Maskova, Managing Director for ifm in Ukraine, Czech Republic and Slovakia.

In addition, ifm electronic gmbh donated a total of €351,058 to charitable causes in 2022 (2021: €352,632). We are aware that taking on social responsibility is a continuous process and are working hard to ensure that we continue to increase our level of engagement in this area.

THE GERMAN ACT ON CORPORATE DUE DILIGENCE OBLIGATIONS IN SUPPLY CHAINS

GRI 3-3, 414-1, 414-2

We utilise an AI-based software solution to comply with the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). This system allows us to categorise our supplier base with regard to country and industry risk. In addition, selected suppliers are monitored and evaluated by means of daily, global media screening.

Alongside our Code of Conduct and ISO 14001-certified environmental management system, we also call on our suppliers to establish an occupational health and safety management system certified according to ISO 45001 or comparable standards as a further preventative measure. So far, 24% of our regular suppliers have such a system in place.

Supplier qualification documents have also been amended to include the requirements defined under the LkSG.

Conflict mineral reporting templates have also been submitted to all relevant suppliers, with 37% already responding without any irregularities.



€351,058
WAS DONATED TO
CHARITABLE CAUSES

All lead buyers and supplier developers have been enrolled in the ifm human rights training programme.

Organisational changes have also been made, with an increase in personnel in risk and sustainability management in procurement, to take the increasing importance of sustainability and the LkSG into account.

No violations were determined by our suppliers for serial products, bought-in products and investments in the financial year 2022.

HUMAN RIGHTS AND GERMAN ACT ON CORPORATE DUE DILIGENCE OBLIGATIONS IN SUPPLY CHAINS

Like many companies in Germany, the ifm group of companies faces the challenge of upholding and guaranteeing human rights and environmental standards throughout its supply chain.

Effective risk management that identifies risks, determines potential impacts and implements measures is the cornerstone of the ifm group of companies' duty of care in relation to these standards.

We draw on information from a variety of sources across the group of companies to adapt our risk management to the constantly changing risk environment. Information and data from procurement, compliance, human resources, environmental protection and sustainability is included in our risk



management system. We use a software-based risk management system to systematically track risks within our supply chain. Our sustainability managers and human rights officers are part of the group management team and report directly to the Board of Directors, underlining our commitment to our company values.

The added value of this input is integrated into our risk management and initiates a process of continuous improvement to our analysis and implementation.

The ifm group of companies recognises the opportunity provided by the German Act on Corporate Due Diligence Obligations in Supply Chains to reinforce and continue to follow up on its values with its suppliers and customers, as well as within the company.

REMEDIAL MEASURES

As soon as we become aware of a possible violation of the LkSG, we immediately convene a working group tasked with working towards the cessation of the situation.

If there is a risk of an LkSG violation in our own business operations, or if such a violation occurs, measures are taken as soon as possible to prevent the violation or mitigate its effects.

If a direct or indirect supplier violates the LkSG within the ifm supply chain, ifm works together with the supplier to develop a concept and timetable for ceasing the activities that breach the LkSG. With the help of this concept, we attempt to use our influence to ensure that no human rights or environmental laws are broken.

Besides the measures that have already been initiated, we have also established a continuous improvement process that adapts to the changing risk environment.



06

ENVIRONMENT

GREEN FACTORY – THE FACTORY OF THE FUTURE

Sibiu

In March 2022, ifm began constructing a new factory in Sibiu, Romania. What makes the facility so special is that all production activities are carbon neutral. The green factory was completed and opened in the spring. Thanks to flexible planning, it can be upgraded and extended at any time. ifm General Manager Position Sensor Production Bernd Hausler explains what was achieved in Sibiu.



INTERVIEW WITH BERND HAUSLER GENERAL MANAGER POSITION SENSOR PRODUCTION



Mr Hausler, how does the factory in Sibiu earn its title as a sustainable location?

HAUSLER: It has a variety of features that all contribute towards achieving the same aims: minimising the impact on the environment, utilising resources efficiently and promoting social responsibility. We were already thinking about resource efficiency when building the facility. We significantly reduced the use of water, raw materials and construction materials and kept the environmental effects to a minimum by using low-carbon concrete and carefully selecting the paints, coatings and floor

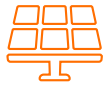
coverings we used. Energy efficiency will be achieved in the long term through special lighting systems, heat recovery and the use of renewable energy sources, among other measures. Where possible, we employ a systematic waste management and recycling strategy and make use of particularly eco-friendly production methods. With our ifmily culture, we engage deeply with the local community and help to develop the city of Sibiu and improve the quality of life there.

What challenges were involved in building a carbon-neutral factory? What obstacles or limitations were there?

HAUSLER: There were definitely some problems we had to overcome, which required a holistic approach. We put together a successful pilot project for the green factory in Sibiu. It was a labour of love for us, and we showed what is possible at the current time. One of the most

challenging aspects was the technology. Moving to a carbon-neutral factory means utilising state-of-the-art methods, which, in some cases, have yet to reach maturity. As an example, after weighing up all of the pros and cons, we decided not to implement the planned ice store as an energy storage system for the solar panels. We had to look at costs, too, which we calculated as being roughly 20% higher than with a standard factory. That's a clear commitment to sustainability in my view. Last but not least, legislation and regulatory requirements in Romania also had an effect on our green factory. For example, feeding our solar energy into the public electricity grid is an extremely complicated process here that we cannot achieve at the current time.



**30%****REDUCTION IN THE
CARBON-FOOTPRINT DURING
THE CONSTRUCTION PHASE****700kW****PEAK OUTPUT OF THE
PHOTOVOLTAIC SYSTEM****THERMALLY
ACTIVATED
CONCRETE SLAB****ACTING AS A HEAT/COLD STORE****AIR CONDITIONING****80% / 20%****AMBIENT AIR / FRESH AIR****To what extent is the project
scalable? Should technologies in
the factory in Romania be
used at other locations, too?
How important is the project
to ifm's target of climate
neutrality by 2030?**

HAUSLER: Factory II in Romania has been certified Gold by the German Sustainable Building Council (DGNB) under its strict assessment and certification process for building sustainability, in which clear criteria and standards are defined. DGNB certification covers environmental aspects but also social and cultural requirements and financial viability and technical quality. We will have all of our new buildings certified according to DGNB criteria in future.

The use of renewable energy sources such as solar and geothermal energy, and the implementation of other climate-neutral technologies in buildings, is a particularly important building block in our climate-neutrality target. This can allow us to reduce our emissions and ultimately achieve climate neutrality.

**I am delighted
that we have
made such an
important contri-
bution to sustain-
able production
and securing
jobs in the Sibiu
region by opening
our green factory.****Martin Buck**
Chairman of the Board
of Directors

ENVIRONMENTAL ORGANISATION

GRI 3-3

Protecting the environment is well rooted at the ifm group of companies around the world, both operationally and in the product range, thanks to the long-standing internal environmental management system. The system covers the entire product life cycle, with environmental requirements being taken into consideration across the board, from procurement to production to waste disposal. Suppliers are also included in the system. Our efforts are focused on activities, products and facilities with material environmental aspects that are able to be influenced. The ISO 14001/EMAS certification and registration of the environmental management system applies to German ifm companies at Lake Constance and in Essen and Rosenheim. The ifm ecolink location in Poland is also certified according to ISO 14001.

RESPONSIBILITIES

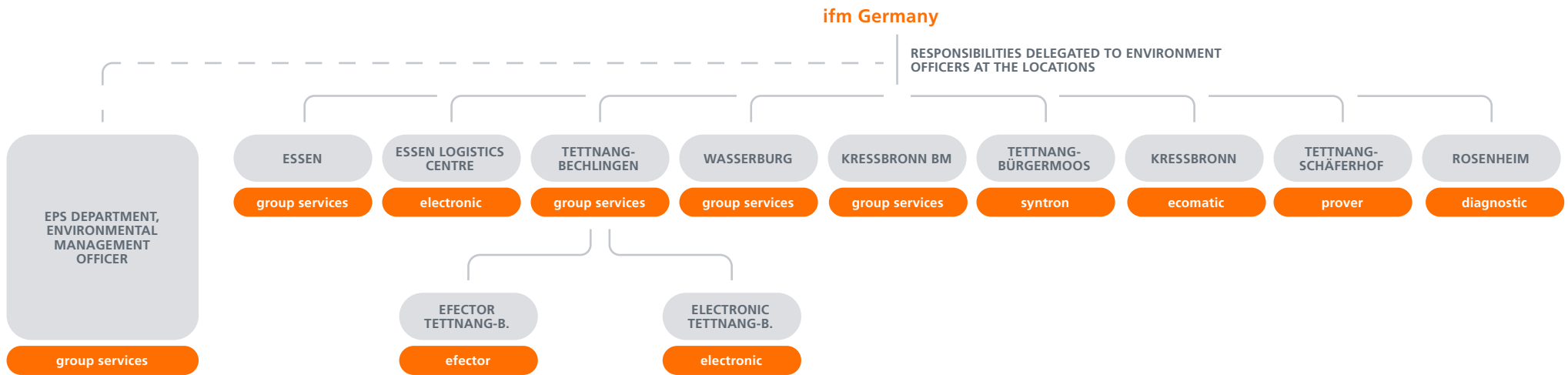
GRI 2-27, 3-3

The ifm environmental management office is located in Tett nang-Bechlingen. The CTO Executive Board Member is responsible for all environmental concerns and sustainability topics.

We have delegated responsibility for implementation and monitoring to the site managers at all companies falling within the scope of EMAS, to ensure that EMAS requirements are met and are in compliance with the law. All relevant heads of department take on special obligations with regard to environmental protection.

The Environmental Protection and Sustainability (EPS) department, which is part of ifm group services and reports to the Chief Tech-

nical Officer, plays a key role in environmental management, as it is responsible for all environment and sustainability issues throughout the ifm group of companies. The department monitors environmental requirements and passes them on to the units concerned. The EPS department also responds to all enquiries relating to the environment or sustainability, and is responsible for organising environmental training courses. The assessment and monitoring of all chemicals used worldwide by the ifm group of companies is also managed centrally. The EPS department is also involved in the final approval/commissioning of new systems and machines, and in the planning of new buildings.



Responsibility for environmental topics and expert support in the ifm environmental organisation within the scope of EMAS

Each location has a special Environment Officer, who is usually a member of the management team. In Tett nang-Bechlingen, separate Environment Officers have been appointed for each of the three companies based there.

The Head of the Environmental Protection and Sustainability department was appointed Environmental Management Officer. The Hazardous Materials Officer and the voluntary Waste Management Officer are also based in the Environmental Protection and Sustainability department. There are also people responsible for activities under the German Water Resources Act (WHG) and those who have completed the WHG starter training course. In addition to the Hazardous Materials Officer, there are also a variety of authorised hazardous materials managers and employees. Energy-related activities are managed by the Energy Officer (Head of the Building Management department).

The procurement and storage of chemicals, as well as the disposal of hazardous waste, is managed centrally through ifm electronic gmbh, meaning that the production sites themselves only store limited amounts of such materials. The hazardous materials and waste disposal centre is located in Tett nang-Bechlingen. Chemicals are supplied to other ifm locations in the Lake Constance region – and hazardous waste collected – on a daily basis using ifm’s own fleet of delivery vehicles, which are driven by specially trained drivers and only transport the permitted amount of materials.

MATERIAL ENVIRONMENTAL TOPICS

GRI 3-1, 3-2

The material environmental topics for sustainability management are derived from the material environmental aspects, the definition of which was described in chapter 02. They include, across all locations, the following:

1. GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions have been defined as a material aspect due to our commitment to making our business operations climate-neutral by 2030. We have prepared a specific climate strategy and approach in this context.

2. PRODUCT DESIGN

The environmental impact of products, from production all the way through the product life cycle, is determined at the development phase. This also includes the production of bought-in parts.

Other environmental aspects are differently weighted for each location. These include:

- energy consumption
- use of resources
- waste, particularly hazardous waste
- mobility
- biodiversity

PRODUCT-RELATED ENVIRONMENTAL PROTECTION

GRI 3-1, 3-2, 301-1, 301-2, 301-3, 302-4, 305-5, 306-2

Our products have an impact on the environment in multiple respects, something that we can reduce through materials, design or product life span. In many cases our products actually benefit the environment, as they make processes more efficient, reduce system/machine wear and prevent accidents involving property damage or personal injury. This preserves resources and lowers emissions and waste.

Extending product life cycles is one of our top priorities and is an extremely important part of reducing the consumption of resources and avoiding waste. Our five-year warranty is a testament to that. Even at the development stage, we are already focusing on the sustainable use of resources, both in the product itself and in the way it is manufactured. We take potential environmental issues into account when developing new products and review the applicability of relevant regulations and standards. When introducing new processes and procuring new systems, an environmental assessment is carried out in consultation with the Environmental Protection and Sustainability department.

The materials that make up a product are the main focal point when it comes to avoiding negative environmental impacts. Full material

declarations for bought-in products are particularly important in meeting legal standards and customer requirements on a reliable and sustained basis. We adapt our products as quickly as possible in the event of any changes to legal frameworks, with one example being the use of lead. Product sustainability requirements, particularly under the EU's Green Deal, present both risks and opportunities to our product development process. New regulations, which can be extensive in some cases, include bans on certain materials such as per- and polyfluoroalkyl substances (PFAS) and pose major challenges to our business. Future requirements, such as the circular economy action plan and minimum levels of recyclability for products and packaging, are analysed at an early stage and implemented accordingly.

To reduce waste during production, components of a higher value are constructed so that they can be disassembled and re-used if any errors are made in the manufacturing process. We also keep a close watch on reducing the number of rejected parts.

Emissions through electricity consumption in the use of our products largely depend on our customers themselves, as they determine how long the product is used for and what type of electricity is used to power it. One of the ways that we focus on reducing energy consumption in this context is by reducing power loss.

When new products are developed, environmental aspects are systematically assessed by the Development and Industrial Engineering departments. For this purpose, a checklist has been set up in the innovation process that is completed for all new developments. The checklist covers the materials used in the product and packaging, the energy consumption of the product during operation as well as additional environmental aspects throughout the life cycle of the product.

ENVIRONMENTAL PROTECTION IN THE SUPPLY CHAIN

GRI 3-3, 308-1, 308-2

Rather than starting and ending with our company, we know that our influence on the environment, and particularly on raw materials reserves, water resources and effluents, extends throughout our supply chain. The mining of metals such as copper, nickel and tin, as well as elements that are important in electronic components such as cobalt and indium, is an extremely water-intensive process in some cases and can contaminate wastewater. Tin, for example, is found in solder, metal alloys and electronic components. We procure stainless steel semi-finished products, solder, components and cables from specialist suppliers rather than purchasing pure metal ourselves. From our suppliers' perspective, we are a relatively small and minor customer. We

know that the mining and sale of raw materials in many regions – known as conflict-affected and high-risk areas – finance armed conflict or result in violations of human rights and international law. As a result, tin, tantalum, tungsten, their ores and gold mined in countries such as the Democratic Republic of Congo are classified as conflict minerals. Cobalt is also regarded as a critical raw material in this context. The subject of conflict minerals has been added to ifm's terms and conditions and purchase contracts. Potential new suppliers are notified of ifm's minimum requirements for conflict minerals during the onboarding process. ifm conducted its first supplier review, where existing suppliers are questioned on their use of conflict minerals as well as cobalt and mica, in the second quarter of 2022. The Responsible Minerals Initiative's (RMI) conflict minerals reporting template and – for cobalt and mica – extended minerals reporting template are used for the supplier review. These templates allow information to be provided across the entire supply chain, right up to the country of origin, smelters and refiners. Proof of origin of minerals is only possible on the basis of the smelters, which is why we support the Organisation for Economic Co-operation and Development's (OECD) certified smelter concept. Besides gaining information on the country of origin of minerals, the concept also allows us to draw conclusions on the relationship between the mining of raw materials and the support of armed conflict.

☛ We are not able to precisely determine the environment impact of externally sourced parts or products at the current time. We impose requirements on our suppliers to minimise the known effects as much as possible. Each new supplier of parts used in regular production is visited by a buyer before a contract is concluded. If any breaches of environmental protection requirements are determined on site, no contract is concluded with this supplier. The ifm group of companies' environmental requirements are addressed in the first meetings with suppliers. Besides compliance with all relevant environmental laws and standards, these requirements also include the need for full material declarations and proof of a suitable chemicals management system to comply with regulations such as REACH and substitute potentially hazardous chemicals and substances.

Chemicals are exclusively sourced from the EU and the European Economic Area, ensuring that we can guarantee compliance with minimum standards in production and shipping.

ENVIRONMENTAL PROTECTION THROUGH IMPROVEMENTS TO MANUFACTURING

GRI 3-3

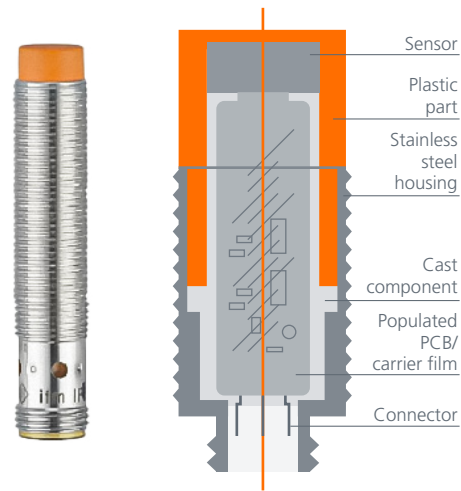
PRODUCTION

The hardware for ifm products primarily consists of electronic components, housing and an electrical connection to further-processing systems. The final assembly of the sensors includes installing electronics into the housing

☛ and further processes for the assembly and connection technology, which ensure system connectivity and guarantee a defined impermeability and robustness of the housing.

In line with the design for environment approach, the ifm group of companies takes great care to preserve resources as much as possible when developing products. We identify and circumvent potential environmentally relevant problems as early as we can.

The Product Development department works hand in hand with Industrial Engineering and Environmental Protection and Sustainability to evaluate relevant manufacturing processes and make adjustments where necessary.



Example of a sensor

PREFABRICATION

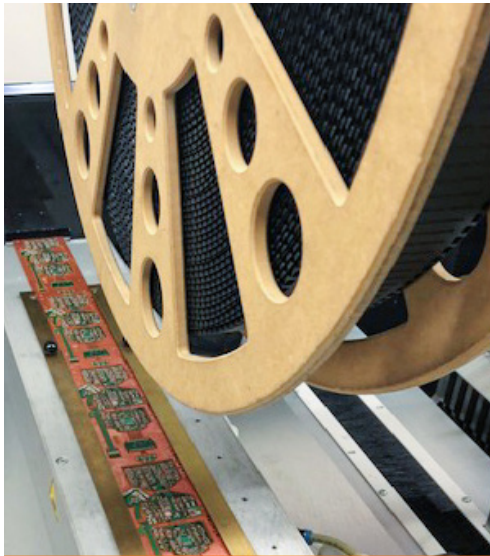
Prefabrication takes place at our Tettngang-Bechlingen and Wasserburg locations. These prefabricated products are then supplied to all ifm production companies around the world.

RIGID PRINTED CIRCUIT BOARDS (PCBS)

PCBs are assembled at the prefabrication facility at ifm electronic gmbh. Components are mounted to the PCBs and soldered, a process that utilises energy, solder and also nitrogen. Solders containing lead are not used as a rule, apart from in a handful of exceptional cases when customer requirements necessitate it, in which case all legal requirements are strictly adhered to. Depending on the intended application, components must be underfilled (with materials containing substances of very high concern, or SVHCs) and the PCBs then coated to protect them from environmental influences. All PCBs are fully examined and quality-checked before being dispatched to all technical locations around the world.

FLEXIBLE CARRIER FILM

Flexible electronic circuits are manufactured at ifm electronic gmbh in Wasserburg. They are produced by treating copper-coated polyimide film (flexible film) in a variety of processes, including being laminated with photo-sensitive film (photoresist), exposed, deoxidised, etched and printed with solder mask before being passed on to assembly.



Reel-to-reel process to produce a flexible film carrier

Wet processes have a particularly high level of environmental relevance and include deoxidisation, development, etching, and passivation. Large amounts of chemicals are required for such processes, although the number of different chemicals used is relatively low. Away from wet processing, plasma etching using the greenhouse gas CF_4 (carbon tetrafluoride) is another process that is extremely relevant to the overall emissions of locations falling within the scope of EMAS. A roadmap has been prepared for the reduction of these emissions. Assembling and soldering PCBs takes place using the reflow soldering processes in specially designed soldering booths. Soldering is carried out without the use of nitrogen atmospheres. After the PCBs have been assembled, they are subjected to a full quality review before being shipped to the technical locations.

SLEEVE MANUFACTURING

Stainless steel housing for ifm sensors is mainly produced at ifm electronic gmbh. In this process, piping made from stainless steel is cut down to the desired size before being threaded. A smaller, downstream turning lathe that can process small numbers of units helps to prevent significant wastage. The required cooling lubricant is maintained as a circular process and doesn't have to be replaced. Sleeves are cleaned using solvents that contain volatile organic compounds (VOCs), the use of which is monitored according to the 31st Federal Immission Control Act (BImSchV). ifm has successfully extended the service life of the solvent by several weeks by

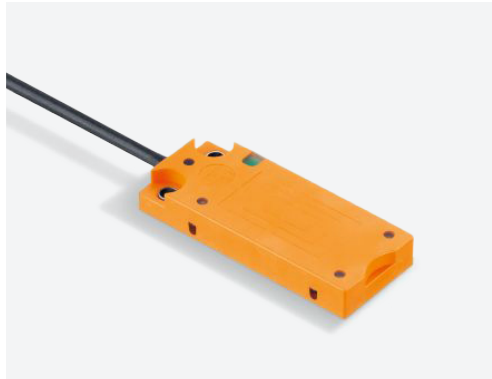


Stainless steel sleeves

introducing a spinning process. Metal shavings are still produced; the lubricant drips off them before the shavings are collected according to type and recycled.

INJECTION-MOULDING

Plastic housing for ifm sensors is mainly produced on-site in electronic gmbh's injection-moulding facility. Environmentally relevant factors are the use of granulates and the resulting waste, which is mainly produced in the form of sprues and scrap after changes in colour. If possible, hot runner technology is used for new products and the design of new tools – which also takes place in prefabrication – to minimise the number of sprues. A project focusing on recycling these materials is currently ongoing.



Injection-moulded parts

At the end of its life span, hydraulic-powered machinery is replaced with more eco-friendly hybrid models or fully electric models. Injection-moulding machines automatically enter stand-by mode if they are not being used.

FINAL ASSEMBLY

Finished products are manufactured by the **ifm companies ifm efector gmbh, ifm ecomatic gmbh** and **ifm prover gmbh**.

Most of the processes used to make the products, including assembly, soldering, adhesion and casting, are still done by hand. Products are also packaged up at our technical locations. Constant monitoring of manufacturing processes helps to keep failure rates low and minimise electronic waste.



Apart from a handful of approved exceptions (high-temperature lead soldering), lead-free solder is used in final assembly. Casting resin and polyurethane foam are used as casting materials. Use of polyurethane foam is monitored in the 4th BImSchV, although the amounts of material we process are far below the threshold.



PN7094 sensor

DIGITALISATION

Digitalisation has a major effect on our company. It opens the door to countless opportunities for improvement and optimisation from an environmental perspective, particularly in terms of travel and paper usage. Sales activi-



ties is one of the areas where optimisation is required, with new approaches being tested, implemented and improved.

In late 2020, ifm wrote in its outlook on the coming years: "We might only spend 30 or 50% of our time in face-to-face meetings with customers in the future. As a consequence, that means that the remaining 50 to 70% of our work will be in remote sales." ifm has therefore invested in social media licences and arranged for training on online platforms in order to replace on-site visits with online meetings and digital production presentations. A survey among international sales locations shows that, in 2022, employees spent an average of 63% of their time using (digital) communication channels and 37% of their time visiting customers in person.

The trend towards digital solutions is also continuing in marketing. Marketing materials are now required first and foremost as digital copies and should only be printed if and when necessary.

As an automation specialist, digitalisation also plays an important role to ifm in terms of its products. One example is moneo, a software platform to digitalise machinery and processes allowing customers to structure their operations more transparently and therefore more efficiently.

ENVIRONMENTAL PROTECTION FIGURES

GRI 3-3, 303-2, 303-3, 303-4, 304-1, 304-2

This report includes data for all of the ifm group of companies it covers. The relevant location data can be found in the environmental statement*:

- > All locations
- > Essen
- > Tett nang-Bechlingen
- > Tett nang-Schäferhof
- > Tett nang-Bürgermoos
- > Wasserburg
- > Kressbronn
- > Rosenheim

ENERGY

GRI 3-3, 302-1, 302-3, 302-4

The EMAS locations' main energy carrier is electricity. Electricity accounts for around 72% of total energy consumption and is primarily used for machinery, systems, cooling processes and compressed air. District heating and gas provide the necessary heat energy, which is also used for air conditioning at the production locations. A variety of fuels are also used for cars, HGVs and aircraft. We have managed to reduce our energy consumption over the past few years by switching to LED lighting, minimising cooling and heating losses by re-insulating refrigerant and heating pipes and

testing compressed air lines for leaks. Last year, we also reduced the heating temperature and the ambient temperature in offices. We also take regular measures to recover heat.

Energy consumption of EMAS locations

in MWh	2020	2021	2022
Electricity	23,157	24,954	25,372
Gas/district heating	9,607	11,952	9,711
Fuel	1,419	1,379	1,563
Total	34,183	38,284	36,645

Gas consumption at the locations at Lake Constance is monitored on a monthly basis by measuring cubic metres used, which allows adjustments to the figures to be made in the subsequent year.

CHEMICALS

GRI 301-1

All chemicals used at ifm are recorded and assessed in a chemicals database, including those that are processed externally but later used to manufacture ifm products. Chemicals are exclusively sourced from the EU and the European Economic Area. The amount of chemicals used at the locations in the Lake follows:

Material (t)

(Lake Constance area)	2019	2020	2021	2022
Chemicals	1,738	1,531	1,812	1,998

This translates to the following trend for chemicals input per working hour and machine hour:

Key figures

(Lake Constance area)	2019	2020	2021	2022
Chemical input/working + machine hours (direct employees)	0.57	0.57	0.58	0.64

According to the environmental assessment, there were 1,822 active and assessed chemicals in 2022 (2021: 1,804):

- 52% (2021: 54%) with no concerns
- 44% (2021: 42%) with some concerns
- 4% (2021: 4%) with strong concerns
- 0.4% (2021: 0.4%) significant objections/subject to approval by the management/Board of Directors

Strong concerns or significant objections are raised regarding the use of a chemical if it contains a strictly regulated substance. Specific measures and follow-up procedures are defined for the use of such chemicals.

WASTE

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5

As with the supply of hazardous materials, the disposal of such substances is handled centrally by ifm electronic gmbh on behalf of all Lake Constance locations.

Hazardous waste directed to disposal or diverted from disposal (22t; previous year: 24t) is collected by ifm electronic gmbh at the Lake Constance regions, transported to the hazardous materials and waste disposal centre and then disposed of by specialist companies. Due to the legal obligation to dispose of hazardous waste directed to disposal in a controlled manner, waste from the Wasserburg location must be disposed of in the local area rather than being transported to Lake Constance.

A new dehydrator was commissioned in Wasserburg in 2021 to reduce the amount of sludge waste by 2 to 4t. The system worked as planned and the volume of sludge decreased from 9.89t in 2021 to 7.26t in 2022.

Non-hazardous waste, such as regular commercial waste, waste under the dual waste system, waste paper and organic rubbish, is disposed of via local disposal systems or by specialist companies. Exceptions to this include non-hazardous waste like metal, electronic waste, cables and washing/rinsing fluid, which is disposed of centrally through ifm electronic gmbh in Tettngang.

Input/output

Waste (in t)
(Lake Constance region – disposed of via ifm electronic gmbh)

	2019	2020	2021	2022
Non-hazardous waste diverted from disposal	687.2	639.2	1120.5	688.5
Non-hazardous waste directed to disposal	151.1	112.6	519.3	92.8
Hazardous waste diverted from disposal	58.8	60.2	59.1	54.3
Hazardous waste directed to disposal	2.3	8.0	114.4	3.1

Key figures

Waste (disposal via Tettngang-Bechlingen)				
	2019	2020	2021	2022
Unit	kg/h	kg/h	kg/h	kg/h
Formerly: Non-hazardous waste diverted from disposal/working + machine hours	0.43	0.49	0.41	0.45
Non-hazardous waste diverted from disposal/attendance + machine hours TT-B			0.24	0.25
Formerly: Non-hazardous waste directed to disposal/working + machine hours	0.08	0.09	0.03	0.05
Non-hazardous waste directed to disposal/attendance + machine hours TT-B			0.02	0.03
Unit	kg/€ m	kg/€ m	kg/€ m	kg/€ m
Hazardous waste diverted from disposal/€ m sales, tech. responsibility Lake Constance region	88.2	93.5	80.1	65.8
Hazardous waste directed to disposal/€ m sales, tech. responsibility Lake Constance region	3.1	12.4	9.0	2.5
Total hazardous waste/€ m sales, tech. responsibility Lake Constance region	91.34	105.84	89.10	68.3

EMISSIONS

GRI 2-4, 3-3, 305-1, 305-2, 305-3, 305-4, 305-5

Input/output (emissions (t CO₂), (EMAS scope))

Volume in t CO ₂		2019	2020	2021	2022**
Emissions resulting from energy, travel and industrial facilities (total Scope 1, 2 + business travel)		12,685	5,743	10,531	19,224 (12,478)
Scope 1	Emissions resulting from machinery (CF ₄ , refrigerants, dry ice) in CO ₂ eq	4,565	2,636	6,949	8,274
Scope 1	Company-owned aircraft	924	686	800	1,469 (1,098)
Scope 1	Fleet vehicles including HGVs	142	98	101	506 (148)
Scope 1	Company cars	921	769	757	1,848 (667)
Scope 1, Scope 2	Emissions resulting from heating (gas, district heating)	1,759	1,420	1,752	6,108 (1,467)
Scope 2	Emissions resulting from electricity	3,222	0	16*	16 (16)
Scope 3	Scheduled flights	1,088	122	152	873 (779)
Scope 3	Rental cars	63	12	6	130 (28)
Scope 3	Train	2	0	0	0

* Kupferdreh location

** Due to the newly added locations, figures for 2022 cannot be compared with previous years. The figures in parentheses correspond to the scope of the previous year's locations and offer a means of comparison.

Given that the EMAS scope was expanded to include all material German locations in the year under review, it is not possible to compare key figures with the two previous financial years. Values for the previous year's scope are presented in parentheses as a means of comparison.

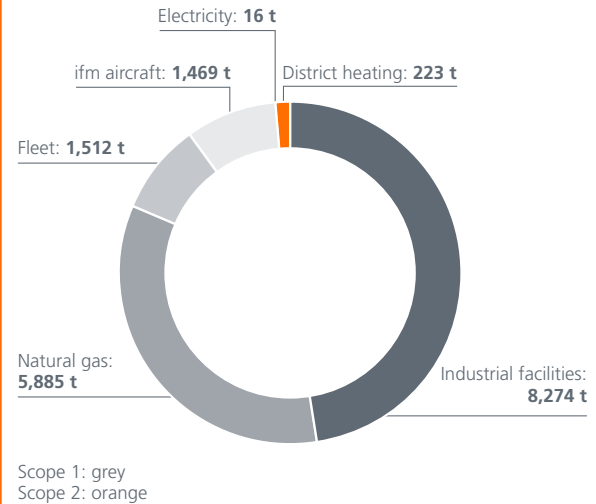
Emissions are recorded for all EMAS locations collectively. Figures are expressed in tonnes of CO₂ to enable uniform assessment.

Emissions

	2019	2020	2021	2022**
Unit, see text				
Emissions resulting from heat/m ² of used area (t CO ₂ /m ²)	0.02	0.02	0.02	0.06 (0.02)
Emissions resulting from travel/employee (t CO ₂ /employee)	1.12	0.69	0.70	1.16 (1.0)
Emissions resulting from industrial facilities (CF ₄ , dry ice, refrigerants)/ machine hours (t CO ₂ eq/h)	0.007	0.005	0.011	0.013

** Due to the newly added locations, figures for 2022 cannot be compared with previous years. The figures in parentheses correspond to the scope of the previous year's locations and offer a means of comparison.

Scope 1 and 2



New locations have been added compared to the previous year. Another new feature for this year's report is the inclusion of Scope 3 emissions.

SCOPE 1 EMISSIONS

According to the Greenhouse Gas Protocol, Scope 1 emissions are direct CO₂ emissions occurring from the use of company-owned vehicles or physical or chemical processing.

COMPANY-OWNED VEHICLES

Around 35% of all company cars assigned to specific employees are plug-in hybrids. More and more fully electric vehicles are being used as fleet vehicles. Charging infrastructure is in place at all locations.

Emissions resulting from business travel with the company's two aircraft are recorded in the legally required emissions report and calculated using the EU-certified EUROCONTROL support facility. The large majority of emissions from the company's aircraft (59%) result from domestic flights, 82% of which from regular flights between the locations in the Lake Constance region and Essen (figures from 2022).

EMISSIONS FROM INDUSTRIAL FACILITIES

ifm does not have any industrial facilities that must be approved or declared in accordance with the German Federal Immission Control Act (BImSchG), 4th BImSchV or 31st BImSchV. All industrial facilities in which solvents or polyurethane foam are used are monitored.

The gas carbon tetrafluoride (CF₄) is used for plasma etching at ifm electronic gmbh in Wasserburg. The industry standards for the

electrical and electronic devices industry recommend using on-site disposal techniques in this context. A measurement was taken and it was found that the CF₄ not used in the process is emitted in pure form. Only around 25% of the CF₄ is actually used in the process. In 2022, we purchased a system to burn off the inert gases downstream of the plasma etching process. The system is currently still in the testing and optimisation phase. We aim to eliminate roughly 80% of the CF₄ gas, thereby eliminating a significant share of our Scope 1 emissions. An adsorber and exhaust air scrubber are connected to the system to neutralise the remaining exhaust gases from the plasma etching and wet processing.

ifm efector gmbh also uses a system containing CF₄ for the purposes of plasma cleaning. Very small amounts of CF₄ are required for this process; in 2022, 18kg of the gas was procured.

A total of 1,469kg of CF₄ was procured for the Wasserburg location in 2022. CO₂eq emissions of 8,274t were emitted at the location in relation to the CF₄ gas.

SCOPE 2 EMISSIONS

Scope 2 emissions are indirect emissions resulting from the use of electricity and district heating.

ELECTRICITY

Since 1 January 2020, 99% of ifm's locations in Germany, Romania and Poland have been operating using 100% green electricity. The Essen-Kupferdreh location is supplied with electricity through the site owner and does not utilise green electricity. The switch to green electricity for almost all locations was the first major milestone on the journey towards climate neutrality.



Certificate for ifm electronic GmbH and the Essen and Tettmang locations

In 2019, emissions resulting from electricity were responsible for over 25% of CO₂ emissions.

HEAT

District heating is utilised at the Essen locations and at the Rosenheim site.

SCOPE 3 EMISSIONS

Scope 3 emissions are other emissions resulting from the organisation's activities that cannot be directly influenced by it and are therefore more difficult to record.

We plan to conduct a materiality analysis to obtain a more accurate overview of Scope 3 emissions. So far only emissions resulting from business travel are recorded. In addition, work has also started on calculating emissions from employee commuting, third-party transportation and the use of our products.

BUSINESS TRAVEL

Reliable figures are available for business travel using modes of transport not owned by ifm. Journeys by train are regarded as being climate neutral as a general rule (Deutsche Bahn business traveller programme).

In the case of scheduled flights, the majority of emissions (57%) are caused by flights between Europe and other continents, which make up roughly 20% of all air travel.

Emissions from all business travel and company vehicles (Scope 1 and 3) are as follows:

Modes of transport

	2020		2021		2022*	
	t CO ₂ EMAS scope	Proportion	t CO ₂ EMAS scope	Proportion	t CO ₂ EMAS scope	Proportion
Rental cars (Scope 3)	14	1%	6	0.3%	130 (28)	3% (1%)
Fleet vehicles + HGVs (Scope 1)	98	6%	101	6%	506 (148)	10% (5%)
Company cars (Scope 1)	769	46%	757	42%	1,848 (671)	38% (24%)
ifm aircraft (Scope 1)	686	41%	800	44%	1,469 (1,220)	30% (44%)
Scheduled flights (Scope 3)	122	7%	152	8%	873 (710)	18% (26%)

* Due to the newly added locations, figures for 2022 cannot be compared with previous years. The figures in parentheses correspond to the scope of the previous year's locations and offer a means of comparison.

The only realistic way to reduce emissions caused by travel (both Scope 1 and Scope 3) is to use video conferencing more frequently. ifm has a solid video conferencing infrastructure in place that is constantly being expanded. However, a certain number of flights will always be necessary on account of the distance between the two locations and the poor rail connections in the Lake Constance region. Given the journey time of over five hours each way, journeys between Lake Constance and Essen by road are also no alternative.

Note:
The environmental aspects listed in this chapter have been picked out for this sustainability report. More detailed information and content on the subjects of water and biodiversity can be found in the environmental statement:
> Water: p. 28
> Biodiversity p. 36

APPENDIX

LIST OF MATERIAL TOPICS

Within the framework of completing the first sustainability report in 2019, ifm conducted a materiality analysis and identified the most important topics regarding our impact on environment and society. The procedure used is described on page 19/20. In addition, the material environmental topics (site-specific and cross-company) were identified in the course of the introduction of EMAS in 2020 and 2022.

The evaluation is reviewed annually and, if necessary, adapted. During the review process in 2022, the previous material topics have been confirmed. Slightly different terms were chosen in some cases. Several new topics were added: human rights and the German Act on Corporate Due Diligence Obligations in Supply Chains (due to the current legal framework), and, in connection with the EMAS requirements, the topic of product-related environmental protection (product ingredients, recyclability and extending product life cycles), which is related to the topic of sustainable products mentioned in 2019. Furthermore, the EMAS requirements in relation to core indicators on energy, material, water, waste, land use (with regard to biodiversity) and emissions were added.

We are aware that in connection with the requirements of the CSRD, an evaluation in accordance with the concept of double materiality will be required.

Although none of the GRI sector standards available so far are applicable to ifm, sector-specific information is already included in this report due to the consideration of the EMAS sectoral reference document for the electrical and electronic equipment manufacturing sector* and the corresponding reporting in the environmental statement.





* Sectoral reference document on best environmental management practices, sector environmental performance indicators and benchmarks of excellence for the electrical and electronic equipment manufacturing sector, OJ L 17, 18.1.2019, p. 94–123.

List of material topics

GRI 3-2

Material topics for ifm 2022 (if no indication, then unchanged compared to 2019)	Relative significance of impact (internal evaluation)	Chapter in the sustainability report	Relevant GRI standards
Compliance	Very material	Governance	2-22 2-23 2-24 2-25 2-27 205
Economic stability	Very material	Value creation	201
Development of sustainable products (2019: sustainable products)	Very material		2-6 301 416
Product safety and product quality	Very material		416
Responsible procurement (2019: sustainable procurement)	Material		204 308 414
Transport and logistics	Very material		302 305 306
Attractive employer (working conditions, remuneration, employee rights) (2019: attractive working conditions)	Very material	Society	2-30 401 407
Occupational health and safety	Material		403
Personnel development and education (2019: personnel development)	Material		404
Diversity and equal opportunities (2019: equality and diversity)	Material		405
Social engagement	Material		413
Human rights and Act on corporate Due Diligence Obligations in Supply Chains (2019: considered non-material)	Very material		414
Product-related environmental protection (ingredients, recyclability, increase in service life) (2019: considered non-material)	Very material		Environment
Use of resources	Material	301	
Energy	Material	302	
Water and wastewater	Material	303	
Biodiversity	Material	304	
Emissions (focus: greenhouse gases) (2019: Emissions)	Material	305	
Waste and recycling	Material	306	

Sustainability programme

Target	Target date	Status	 Society	 Environment	 Value creation	 Strategy & management
100% of our employees at the German sales locations are offered the opportunity to have a personal development review.	2022	Completed: Performance reviews (for employees on the payroll) or K8 reviews (for everyone not covered by the collective bargaining agreement) were arranged and therefore offered for 100% of employees at German sales locations.	●			
We introduce an ISO 45001-based occupational health and safety management system at ifm electronic on Lake Constance and in Essen.	2023	Audit scheduled for this year.	●			●
50% of our worldwide production sites are validated according to EMAS.	2023	Completed		●		●
We analyse the availability of plastic packaging and plastics for packaging manufacture – both with 100% recycled content – and the suitability of such recyclates for processing on our packaging lines.	2023	Target adjusted: 100% recycled content currently not viable. Certification of plastics with 30% recycled content currently ongoing.		●	●	
We prepare a building standard that takes energy-related and environmental factors into account for future construction work.	2023	Currently being drafted		●		●
We introduce mandatory environmental training (every two years).	2023	Concept stage	●	●		
We prepare a biodiversity strategy to make the company premises an eco-friendly site.	2023	Draft prepared	●	●		
We map our supply chain up to the first upstream supply chain step (tier 2) of selected suppliers.	2024				●	
We monitor our water consumption at all production sites and perform a water risk analysis.	2025			●		
We introduce energy consumption monitoring (including information on share of green electricity) at international production sites.	2025			●		
We examine our current sourcing of conflict minerals (3TG – tin, tantalum, tungsten, their ores, and gold).	2025		●		●	
We increase the proportion of full material declarations for bought-in products to 50%.	2025			●	●	
We establish a compliance management system (CMS).	2025		●			●
We achieve climate-neutrality for our operating business (production sites).	2030			●		●

DECLARATION BY THE ENVIRONMENTAL AUDITORS

The information in this sustainability report marked with a leaf and a margin line is taken from the environmental statement of the ifm group of companies dated 2 May 2023 and has been found to be objectively correct in this context. This relevant information is representative of the organisation's environmental performance and is important in relation to its environmental impact. It has been used accurately and in context in this sustainability report.

We hereby confirm that the marked information is identical to the corresponding sections of the environmental statement validated on 2 May 2023.

This confirmation does not substitute the declaration of conformity with EMAS, the full version of which is linked in the sustainability report.

Berlin, 30 June 2023



No DE-165-00091



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Application statement: The ifm Group has reported in accordance with the GRI standards for the period from 01 January 2022 to 31 December 2022.

Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the

The service was performed on the German version of the report.



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ESSENTIALS SERVICE

2023

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GRI Standard/Disclosure		Page	Reason for omission	Explanation
2-18	Evaluation of the performance of the highest governance body		Information unavailable	The ifm group of companies is a family run business, therefore this information is at the moment unavailable.
2-19	Remuneration policies		Confidentiality constraints	Salaries of employees are confidential and therefore they need special protection
2-20	Process to determine remuneration		Confidentiality constraints	Salaries of employees are confidential and therefore they need special protection
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