

# SUSTAINABILITY PRESENTATION

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BERGISCH GLADBACH, September 2023

# THE INDUS BUSINESS MODEL

## BUY, HOLD & DEVELOP

- INDUS is a leading specialist in the long-term investment in and development of companies in the SME sector of the German-speaking countries
- Investing in technology-oriented hidden champions in the German SME industry
- Diversified portfolio of 43 companies
- Growth and stable earnings thanks to our sustainable corporate strategy

## BUY, HOLD & DEVELOP

[INDUS]



# THE INDUS CORE

## THE HOME OF TECHNOLOGY-ORIENTED INDUSTRIAL SMES

[INDUS]

- We are the first choice for family-run businesses when it comes to preserving their life's work in the industrial SME sector
- We promise the companies in our portfolio and those who join us that we will help them to grow as technology and niche specialists
- We will expand their sphere of action and strengthen their networks
- We will support internationalization activities wherever it makes sense to do so
- Buy, hold & develop remains the core of how INDUS creates value



**WE ARE  
SHAPING THE  
FUTURE  
WITH SMES**

# KEY FIGURES 2022 FOR CONTINUING OPERATIONS

GOOD EARNING POWER SECURES FURTHER GROWTH

[INDUS]

**SALES\***  
(+10.4%)

EUR **1,804.1** million

**EBIT before impairment\***  
(+5.0%)

EUR **176.5** million

**EBIT margin  
before impairments\***

**9,8 %**

**INDUS FOR THE FUTURE  
WELL POSITIONED**



**FREE CASH FLOW\***

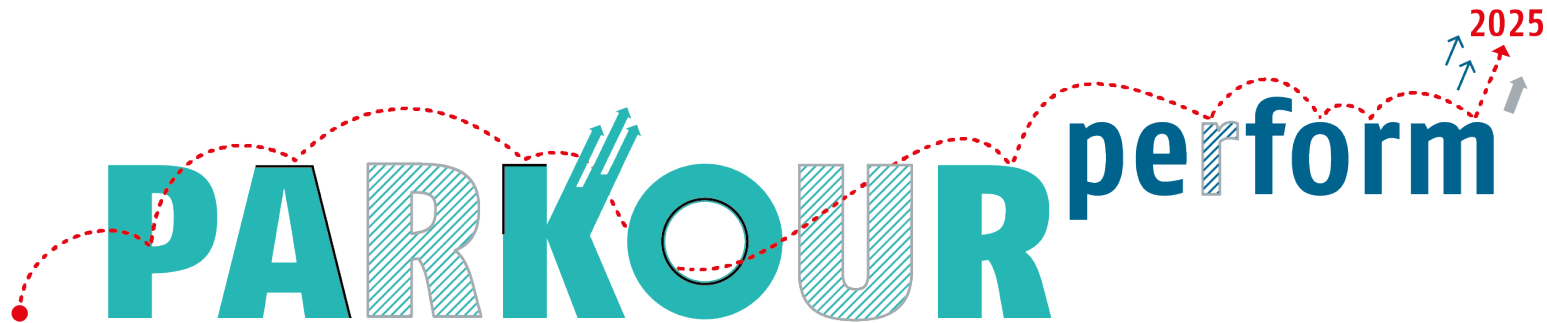
EUR **101.5** million

\* Continuing operations

# PARKOUR BECOMES PARKOUR perform

FOCUS ON 2025 TARGET ACHIEVEMENT

[INDUS]



**1** STRENGTHENING  
THE PORTFOLIO  
STRUCTURE

**2** DRIVING  
INNOVATION

**3** IMPROVING  
PERFORMANCE

**4** STRIVING FOR  
SUSTAINABILITY

# PARKOUR perform – TARGET ACHIEVEMENT IN SIX STEPS

FOCUS ON 2025 TARGET ACHIEVEMENT

[INDUS]



# #4

## STRIVING FOR SUSTAINABILITY

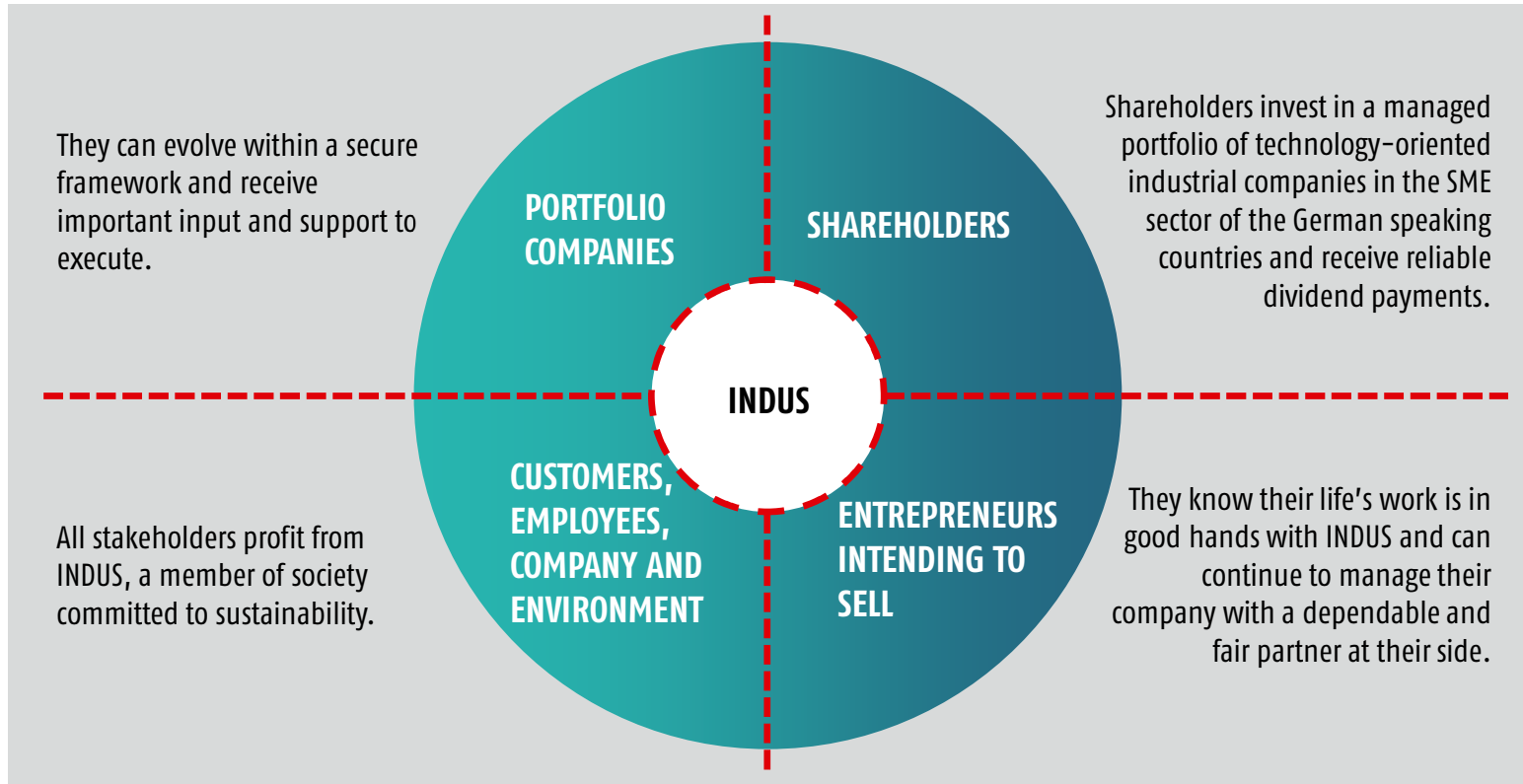
- Becoming climate neutral with targeted support from the sustainability development bank
- Progress management with a clear system for key figures
- Sustainability components form part of compensation paid to the Board of Management



# INDUS – SUSTAINABLE FOR STAKEHOLDERS

## OUR PROMISE TO OUR STAKEHOLDERS

[INDUS]





# DEEP DIVE: STRIVING FOR SUSTAINABILITY

## STRATEGIC INITIATIVE WITHIN PARKOUR PERFORM

[INDUS]

### SUSTAINABILITY



#### KNOWLEDGE

- ✓ Potential analyses at portfolio companies
- ✓ Continued development of a key performance indicator system
- ✓ Continual enhancement of reporting process



#### DEVELOPMENT BANK

- ✓ Promoting environmental efficiency measures that make a significant contribution to reducing emissions/saving resources
- ✓ Prorated financial subsidies



#### NETWORK

- ✓ Sharing experience and knowledge Group-wide
- ✓ Recruiting experts
- ✓ Collaborating with universities and research institutions



#### STRATEGIC PROJECTS

- ✓ Developing sustainability strategies and targets at holding company level
- ✓ Integrating sustainable management control into the corporate culture of the portfolio companies

PROFESSIONALIZATION | CONSERVING RESOURCES | SOCIAL RESPONSIBILITY | COMPETITIVE ADVANTAGE

# KEY FIGURES PER ACTION AREAS

## DIFFERENTIATED IN KPIs AND PIs

### Protecting the Environment

#### Emission intensity

Energy intensity

Recycling rate

Waste and water withdrawal intensity

### Fair Work

#### Occupational accidents, without and with fatalities

Further education expenditure

Trainees and part-time students

Share of fixed contracts

### Social Justice

Justified local complaints

Donations to social institutions

Cooperation with social institutions

### Human Rights

#### Employees with Code of Conduct

Age structure of the workforce

Proportion of women in the workforce

Proportion of women in management positions

### Honest Business

Fines and non-monetary penalties

#### Payments to political parties

Legal costs due to competition violations

Turnover in countries with increased risk of corruption

### Shareholder Support

*Sustainability is an integral part of the M&A process (selection & DD)*

Portfolio companies with formulated environmental goals

Innovation and Sustainability Promotion Bank

# EMISSION INTENSITY

[INDUS]

ONE OF THE MOST IMPORTANT KEY FIGURES IN THE INDUS GROUP'S SUSTAINABILITY AREA

## TARGETS

Reduction of GHG emissions Scope 1 +2 (net)  
to zero in 2045

**Reduction of emission intensity  
by 35% by 2025 compared to base year 2018**

(including the issues of all 48 portfolio companies  
through the financial control approach)

## ACTION

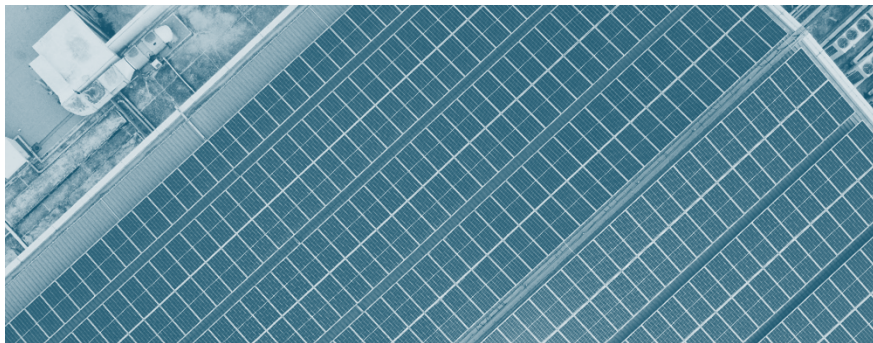
Launch of a **sustainability funding bank** for  
target-compliant projects since 2022

Emissions reduction target as an essential part of  
the sustainability component of the **VS  
remuneration**

## BASIS

GHG Protocol: Calculation of emissions broken  
down by Scope 1 to 3

Scope 1+2: determined based on consumption  
Scope 3: calculated on a financial basis



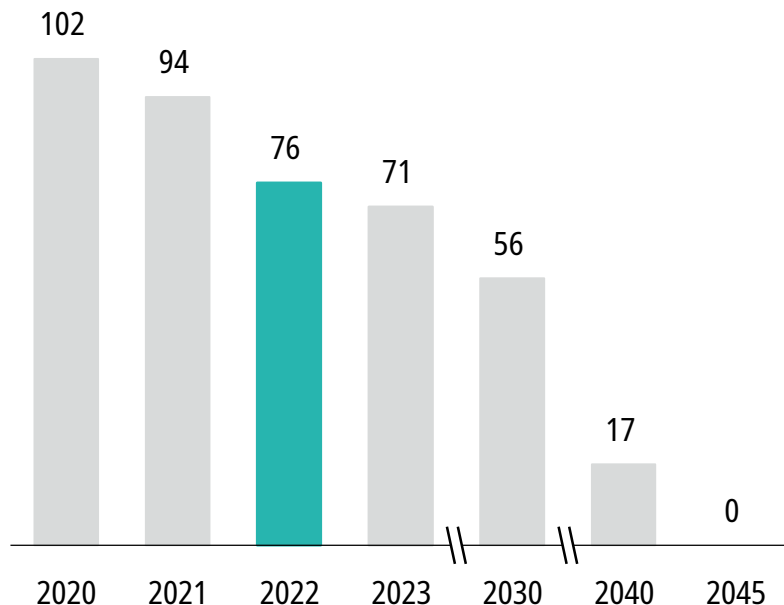
# STRIVING FOR SUSTAINABILITY: KEY KPIS

[INDUS]

## REDUCTION OF GHG EMISSIONS ANCHORED IN THE EXECUTIVE BOARD COMPENSATION

### SCOPE 1+2 GREENHOUSE GAS EMISSIONS

(t CO<sub>2</sub> eq / million EUR GVA net)



- Set reduction target for 2022 clearly met
- Emissions reduction target as an essential part of the sustainability component of the VS remuneration
- INDUS on course for climate neutrality in 2045 with interim targets in 2030 and 2040
- Detailed action plans at participation level
- Sustainability Promotion Bank is an essential tool for achieving the goals
- Sustainability is an integral part of the M&A process (selection & DD).

# PROMOTING SUSTAINABLE ACTION IN THE GROUP

## SUSTAINABILITY DEVELOPMENT BANK

[INDUS]

### TARGET SETTING

- Promoting environmental efficiency measures that contribute significantly to **reducing emissions** and **conserving resources**
- Based on the successfully introduced Innovation Promotion Bank

### PROJECTS

- Start in January 2022
- Conversion to energy-efficient installations, improving heating efficiency or the use of renewable energies
- Six projects approved in 2022 (EUR 5.4 million capex, average funding rate 39% = EUR 2.1 million funding)

**UP TO EUR 5 MILLION PER YEAR WILL BE RESERVED FOR SUSTAINABILITY DEVELOPMENT BANK.**



# SUSTAINABILITY DEVELOPMENT BANK

## APPLICATION PROCESS AND PROJECTS 2022 & 2023

[INDUS]

Cooling system &  
spiral conveyor

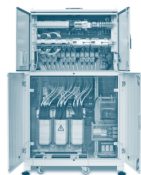


Steam boiler &  
heating system

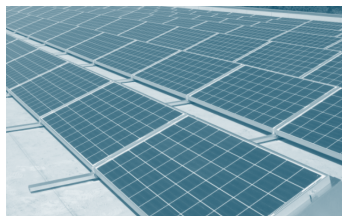
ofa bamberg



Power  
optimisation



6 PV systems



### Prerequisites:

- Significant emission reduction / resource conservation
- Project volume > 100 TEUR
- Payback period (without subsidy) > 3 years

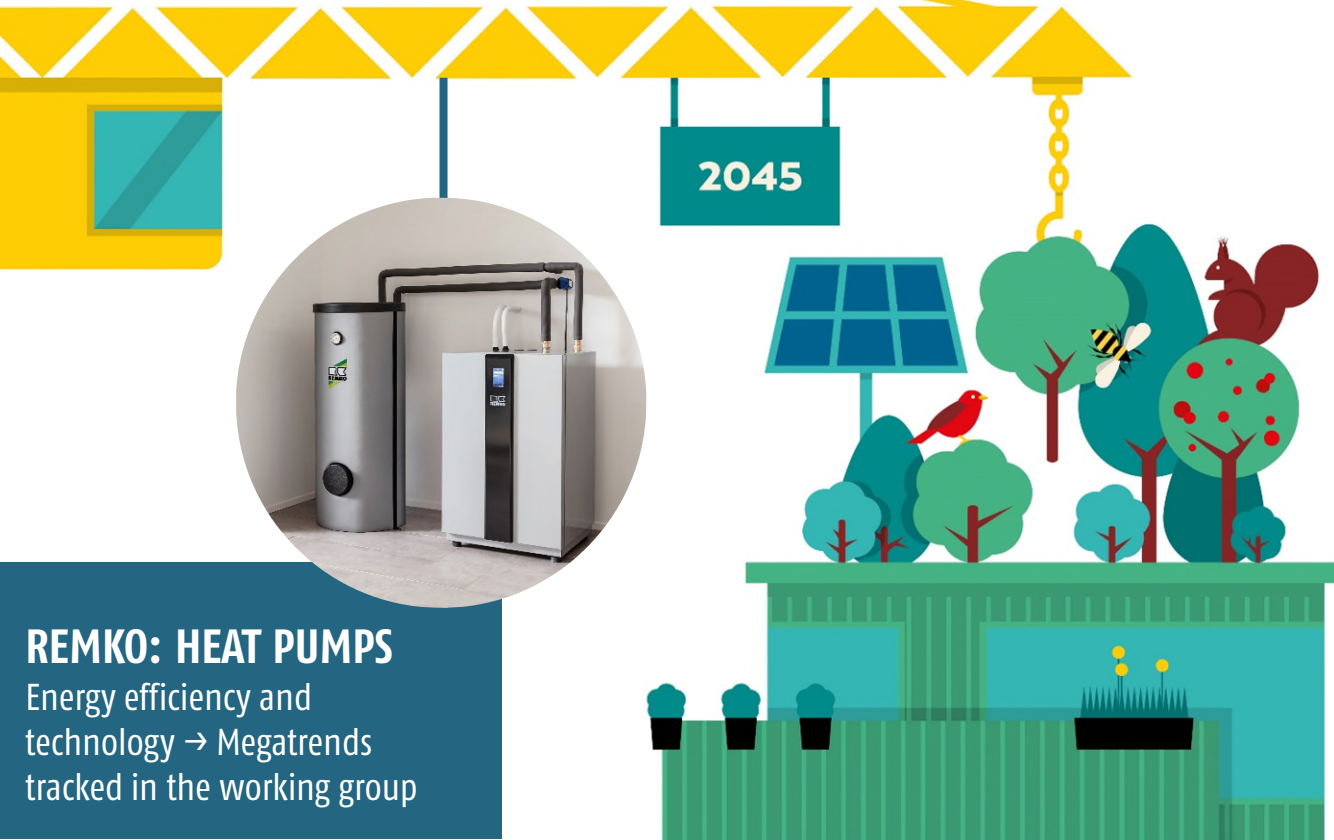
### Required documents:

- Funding application
- Amortisation calculation

# WORKING GROUP

SUSTAINABLE BUILDING – START MAY 2022

[INDUS]



## NETWORK

14 portfolio companies at the launch event

## EXPERT KNOWLEDGE

Experts provide food for thought

## THINK TANK

Finding starting points for new solutions

## REMKO: HEAT PUMPS

Energy efficiency and technology → Megatrends tracked in the working group

# CIRCULAR ECONOMY

## OBUK AND WIRUS

[INDUS]



**MEGATREND: RESOURCE CONSERVATION**

- Construction sector great lever for circular economy, as one of the most resource-intensive sectors of the economy
- WIRUS: Recycling of discarded windows, doors and roller shutters
  - Any profile offcuts are collected and recycled.
  - New windows and doors are made from pure recycled material (up to seven times possible).
- OBUK: Hard foam recycling mill
  - The rigid foam is ground, compressed and 100% recycled as a raw material for the production of insulation boards.
  - Saves both transport costs and costs for hazardous waste disposal.



# #3 SUSTA[IN]

## SUSTAINABILITY – COMMITMENT IN A WIDE RANGE OF AREAS

[INDUS]



### ASS

#### YOUNG RESEARCHERS

Since 2016, every October 3 at ASS in Overath is a family open day. "Türen auf mit der Maus" is an event where children can take a look at the automation specialist's production.



to the magazine



### HAUFF-TECHNIK

#### CIRCULAR ECONOMY

Injection molding results in unavoidable plastic remains that in the past were disposed of. In an ongoing project, HAUFF-Technik is collecting this material and turning it into granulate.

### AURORA

#### WASTEWATER REDUCED

The switch from leak tests in water basins to a dry test using helium has led to 6,000 liters of wastewater being saved each month.



### ELTHERM

#### EWALD

Eltherm is committed to the adapted reforestation with deciduous trees of spruce forests affected by the bark beetle in Burbach.

# PUBLICATIONS ON THE WEB

## ANNUAL REPORTS INCL. NFB OR SEPARATE REPORTING

[INDUS]

[INDUS]

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### Sustainability Reporting | 7

 <p>Non-financial Report 2022</p> <p>Download (PDF, 1 MB)</p> <p>View</p>	 <p>Documentation of the Scope 3 Methodology</p> <p>Download (PDF, 2 MB)</p> <p>View</p>	 <p>Non-financial Report 2021</p> <p>Download (PDF, 250 KB)</p> <p>View</p>	 <p>Non-financial Report 2020</p> <p>Download (PDF, 304 KB)</p> <p>View</p>
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[Financial reports and presentations > INDUS Holding AG](#)   [INDUS\\_GB22\\_non-financialReport\\_s.pdf](#)

[www.indus.de/investor-relations/finanzberichte-und-praesentationen](http://www.indus.de/investor-relations/finanzberichte-und-praesentationen)

# ISS ESG RATING

ENSURES FAVORABLE FINANCING CONDITIONS

[INDUS]

Corporate ESG  
Performance

Prime

RATED BY  
**ISS ESG** 





- Top position in the ISS ESG rating for the eighth time in a row
- INDUS received a “C+” rating in “Corporate ESG Performance” and hence also “Prime” status
- Top position in the international peer group of “Financials / Multi-Sector Holdings”
- Prerequisite for ESG-linked (re)financing

**“PRIME” STATUS IN ISS ESG RATING**

# OVERVIEW ESG RATINGS

STATUS JUNE 2023

[INDUS]

				
Current valuation (2023)	Prime C+	BBB	High Risk	n/a*
Previous valuation (2022)	Prime C+	BBB	Severe Risk	21.0

- ISS: Awarded Prime Status and C+ Rating for the eighth time in a row
- MSCI: ESG rating unchanged (no further information)
- Sustainalytics: Improvement of rating on High Risk, due to methodology changes
- \*S&P: Not participated in the 2023 rating so far, therefore no data available