



**SEPARATE
NON-FINANCIAL
GROUP REPORT**

FISCAL YEAR

2023

[INDUS]

Non-financial Report

Sustainability at INDUS

INDUS stands for our promise to be a dependable and long-term partner to our portfolio companies. We believe that long-term entrepreneurial success can be accomplished only in compatibility with economically, socially and ecologically sustainable activities.

INDUS Holding AG (hereinafter also: INDUS) specializes in acquiring SMEs and accompanying them in their long-term development, without a specific exit intention. Our investment focus is on companies with successful and established business models, which are often owner-managed at the time of the acquisition. INDUS acquires majority shareholdings in SMEs in the manufacturing sector of the German-speaking countries. INDUS is represented through sub-subsidiaries, branches, portfolio companies, and representative offices in 29 countries on five continents around the world. The registered offices of INDUS are in Bergisch Gladbach, Germany. The Group portfolio is characterized by a high degree of portfolio diversification, because the companies operate in diverse business and technological fields, selling markets, and business cycles. The managers of the portfolio companies engage in strategic sparring with the members of the Board of Management of INDUS Holding AG. As the majority shareholder and financial holding company INDUS also supports its portfolio companies by providing them with capital to develop their business. Since the INDUS business model does not require an exit, INDUS ensures that in the event of conflicting objectives, long-term entrepreneurial success will always be the overarching objective above any short-term profits that might be made. INDUS' business model can be summarized by the phrase "buy, hold & develop."

INDUS and the portfolio companies do not define entrepreneurial success exclusively on a financial basis. As regionally prominent operations, INDUS and the portfolio companies are aware of how important the local environment is. For the INDUS Group, sustainability refers to a long-term balanced consideration of economic, social, and environmental objectives.

The sustainability strategy has therefore become an independent strategic initiative, "Striving for Sustainability," within the PARKOUR strategy program, for which the Board of Management is directly responsible. As an independent strategy component, regulatory and content-relevant ESG themes are always part of the strategic sparring between the Board of Management and the portfolio companies' man-

aging directors. The Board of Management of INDUS bears responsibility for all central management systems. This applies in respect of the compliance management system, organizational responsibility for all decentralized system and process elements, and organizational responsibility for all relevant sustainability aspects, such as respect for human rights. To support progress in the sustainability area, a corresponding short-term incentive (STI) component has been integrated into the Board of Management compensation system. In terms of the sustainability strategy the years ahead will focus particularly on implementing the greenhouse gas reduction targets defined in the Climate Protection Act.

Current legal and regulatory developments are monitored, used to analyze the sustainability strategy and serve as a basis for updating the strategy when it needs to be changed. For the 2023 financial year, EU Directive 2020/852 ("Taxonomy Directive") as well as the associated delegated Directives (EU) 2021/2139 ("Climate Taxonomy"), (EU) 2023/2486 ("Environment Taxonomy") and (EU) 2021/2178 (Disclosure Obligations as per Article 8 (4) of the Taxonomy Directive) have been applied to the full extent in respect of the disclosure of taxonomy-compliant sales, operating expenses and investments. Since January 1, 2023, INDUS Holding AG has also been subject to the German Supply Chain Due Diligence Act which is aimed at improving the international human rights situation and obligates companies to create transparency in their supply chain and to take responsibility for doing so. In addition, INDUS is currently preparing for the expanded obligation on sustainability reporting under the EU Corporate Sustainability Reporting Directive 2022/2464 (CSRD), which came into effect on January 5, 2023, and replaces the previously valid EU Non-Financial Reporting Directive (NFRD). As a capital-market-oriented company, INDUS must take into account the requirements of the new guideline in the framework of management reporting relating to the 2024 financial year.

This tightening of legal specifications reflects the increased perceived importance of ESG considerations to the general public.

Added to this is the reality of advancing global warming as well as the increased risk of failure to meet international climate agreement targets. Due to the trend in global warming, INDUS considers significant weather events such as heat waves and severe storms likely to occur. In this respect the companies of the INDUS Group are covered by relevant insurance policies against natural disasters and business interruptions.

The protection of our environment and – within that building block of sustainability – the reduction of greenhouse gas emissions, along with the associated need to drastically increase energy efficiency is relevant to all industrial sectors. Energy prices and environmental standards will continue to rise over the long term, following this trend. The physical effects of climate change are also increasingly putting international supply chains under pressure. The resulting increases in energy and commodity prices represent a risk for the performance of the individual companies and the Group. Depending on the market situation of the portfolio company, these increases cannot always be passed on to customers promptly and in full. This trend was temporarily exacerbated in the 2022 financial year due to the energy crisis arising from the war in Ukraine. The situation considerably eased again in the course of 2023, for reasons including a good natural gas supply situation for Germany, as well as targeted and regulatory relief efforts such as energy and gas price freezes. Raw material availability has also mostly recovered.

In order to reduce long-term energy needs by means of efficiency improvements, INDUS expects to see increased investment in sustainable and energy-saving production processes. INDUS envisions medium-term opportunities from this that can be utilized by companies in all three segments.

With regard to an impact on production conditions, the product portfolio, and the Group's performance as a result of global warming, INDUS does not expect the current situation to get worse in the forecast period. This is also because of the high level of diversification in the INDUS Group, in terms of locations, selling markets, and fields of business. In addition, climate risk analysis did not reveal any material risks. The portfolio companies' products must nevertheless be adapted to new requirements and make use of innovations to gain or maintain the best market positions. The holding company supports the portfolio companies financially, encourages early dialog with the portfolio companies' customer base and initiates working groups with participants from multiple portfolio companies to promote the exchange of knowledge and offer a platform for discussing relevant technological and societal trends, as well as methodical support for the development of innovative new ideas.

As a listed portfolio company, INDUS Holding AG also maintains a continuous dialog on sustainability considerations with internal and external stakeholders, such as institutional investors, commercial banks providing capital, and other capital market participants, in order to be able to respond adequately to the complex challenges. In September 2020 INDUS placed its first ESG-linked promissory note loan for EUR 60 million, on the basis of its existing ISS ESG prime status rating of C+. Since then, three ESG-linked promissory note loans have been issued on the same basis: EUR 56 million in November 2021, EUR 37 million in November 2022 and EUR 80 million in October 2023.

The ISS ESG rating was maintained at prime status (C+) in financial year 2023.

The progress in the sustainability initiatives necessary for understanding the business performance and results of operations and for understanding the position of the INDUS Group and the progress with regard to the sustainability goals are reported below. This is done separately for the aspects of "environmental issues" (i),

"employee issues" (ii), "social issues" (iii), "respect for human rights" (iv) and "combating corruption and bribery" (v) in accordance with Section 289c (2) HGB (German Commercial Code), including the relevant KPIs and PIs. INDUS additionally reports on the action area "shareholder support" (vi). The target achievement is compared with the short-term targets in the 2025 target year.

The INDUS Group non-financial report and the reported performance indicators (KPIs) for the financial year from January 1 to December 31, 2023 were subject to a financial audit with limited assurance in accordance with IASE 3000 (rev.) by the external auditor PricewaterhouseCoopers GmbH auditing firm.

INDUS Action Areas

The sustainability strategy was established as an independent strategic initiative, “Striving for Sustainability,” within the PARKOUR strategy in financial year 2021. The strategy was reviewed and correspondingly supplemented in the framework of an update to the 2022 materiality analysis. In the 2023 financial year, the content of the action areas was again reviewed and confirmed by the INDUS Board of Management. The Ten Principles of the United Nations Global Compact (UN GC) again form the basis of the company’s sustainability strategy. INDUS has pooled these into five principles and used them to put together six action areas. The formulated **principles** are:

- (a) Continuous and preventive efforts to protect the environment
- (b) Fair working conditions characterized by mutual respect
- (c) Living up to our social responsibility in our own sphere of influence
- (d) Protection of and respect for human rights in our own sphere of influence
- (e) Commitment to honest and legal business practices

The sustainability strategy action areas derived for INDUS follow these principles and are supplemented by a sixth **action area**, which clarifies INDUS Holding AG’s particular role as a portfolio company companion with a long-term orientation:

- (i) Protecting the environment
- (ii) Fair work
- (iii) Social justice
- (iv) Human rights
- (v) Honest business
- (vi) Shareholder support

The conceptual connection between the principles of the UN GC, the derived INDUS principles and the sustainability strategy action areas is explained in the figure below:

CONNECTION BETWEEN INDUS PRINCIPLES AND THE SUSTAINABILITY STRATEGY ACTION AREAS

INDUS self-image and anchoring in the UNGC principles	UNGC	action areas					
(i) Continuous and preventive efforts to protect the environment	7-9	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border-right: 1px solid black; padding: 5px;">Protection or environment</div> <div style="border-right: 1px solid black; padding: 5px;">Fair work</div> <div style="border-right: 1px solid black; padding: 5px;">Social justice</div> <div style="border-right: 1px solid black; padding: 5px;">Human rights</div> <div style="border-right: 1px solid black; padding: 5px;">Honest business</div> <div style="padding: 5px;">Shareholder support</div> </div>					
(ii) Fair working conditions characterized by mutual	3-6						
(iii) Living up to our social responsibility in our own sphere of influence	3, 6-8						
(iv) Protection of and respect for human rights in our own sphere of influence	1+2						
(v) Commitment to honest and legal business practices	10						

Action areas (i)–(v) cover the requirements for the **aspects** of “environmental issues” (i), “employee issues” (ii), “social issues” (iii), “respecting human rights” (iv), and “combating corruption and bribery” (v) in accordance with Section 289c (2) of the German Commercial Code (HGB).

“Materiality” in the INDUS Group

The materiality analysis implemented in financial year 2017 was refined in 2022. In the 2023 financial year, the materiality analysis was again reviewed by the internal expert panel and its content was confirmed by the INDUS Board of Management. This process did not identify any need for adaptation with respect to the defined action areas, key topics, or in relation to the sustainability strategy.

A key component of the strategic sparring between the Board of Management and the managing directors is working out the importance of the general **economic value drivers of ESG initiatives** for the respective portfolio company, and analysis of the resulting opportunities and risks. In line with the portfolio companies’ operational independence, the portfolio companies are responsible for prioritizing efficient

and effective sustainability initiatives in the context of an individual sustainability strategy geared to INDUS targets. INDUS' targets for the whole INDUS Group's emissions result from the Group-wide materiality analysis (top-down) and are individually defined in concrete terms and backed up with measures by the portfolio companies (bottom-up). For reporting in the non-financial report, the focus is on opportunities and risks that arise from sustainability considerations (outside-in) and which are necessary for understanding INDUS Holding AG's business performance, results of operations, and situation, in addition to risks relating to these sustainability considerations caused by INDUS operating activities and business relations (inside-out).

Dialog with Stakeholders

The foundation for successful work on sustainability issues, and ultimately for long-term entrepreneurial success, is knowledge of the corresponding stakeholders and their interests. External stakeholders as well as the managing directors of the portfolio companies were again actively involved during the update to the materiality analysis in 2022.

The selection of interested groups is regularly reviewed, and the circle is widened where needed. A structured process is always applied when identifying the main stakeholders. In this process, potentially relevant groups are identified by the sustainability department, taking into account the value chain and following consultation with other departments. The stakeholders are then prioritized according to their influence on the INDUS Group, as well as the INDUS Group influence on the respective stakeholders. This suggestion is then coordinated with the INDUS Board of Management. As sustainability topics are now taking center-stage in society and are subject to widely varying perceptions, the group of stakeholders was significantly expanded and diversified in 2022 compared with the previous participants.

Structured engagement with the needs of our stakeholders resulted in seven relevant groups in total in 2022, both internal and external. The detailed description can be found in the non-financial report for 2022.

📄 Visit www.indus.de/en/nonfinancialreport/2022

INDUS Holding AG and the portfolio company are in regular dialog with key stakeholder groups, such as analysts and shareholders with the IR/PR department by means of video calls, emails and phone calls, or for example the portfolio companies with their customers and local authorities by means of phone calls and in-person conversations. The addition of regular stakeholder interviews using a standardized guideline in the framework of the update to the materiality analysis, as took place most recently in the 2022 financial year, serves the purpose of identifying key sustainability topics from the perspective of leading stakeholders; it also functions as a way of reflecting our internal assessment externally, and checking it for completeness. From there, stakeholders' interests, expectations and requirements are analyzed and results are integrated into the analysis on a continual basis. At the same time, the discussions provide new impetus and important stimuli for the INDUS Group.

Key Topics in the INDUS Group

Through the identification of key sustainability topics, INDUS creates a basis for the INDUS Group sustainability activities and the focal points of the sustainability strategy. In so far as specific objectives, measures and management approaches are defined for key sustainability topics, the detailed information is provided in the respective sections on the action areas.

The regular performance of materiality analyses helps identify and prioritize the sustainability topics that are most important for the company.

The results of the current analysis in the six action areas, including the viewpoint of internal and external stakeholders, are briefly summarized below.

Action areas	Name
	Increasing energy efficiency
	Greenhouse gas emissions along the entire value chain
	Renewable energies (use and technology development)
	Responsible handling and avoidance of waste
Protecting the environment	Circular economy
	Safety and health of employees
	Basic and advanced training
	Fair pay and contractual terms
	Work/life balance
Fair work	
	Social commitment at regional and cross-regional level
	Being a good neighbor
Social justice	
	Protection of human rights along the value chain
	Diversity and equal opportunities
Human rights	
Combating corruption and bribery/ honest business	Compliance management
	Transparent communication
	Portfolio optimization through acquisition activities
	Methodological and financial support for achieving objectives (for example a development bank, training, etc.)
Shareholder support	

The high level of diversification in the INDUS portfolio and the operational independence of the portfolio companies mean we can develop projects that contribute accordingly to the value drivers of ESG initiatives. To respect the independence of the portfolio companies, INDUS only issues **Group-wide quantitative targets for such ESG considerations in the form of key performance indicators (KPIs) that are identified in the materiality analysis as relevant and material** for the Group. While there are other key performance indicators which are centrally determined, they primarily serve to track the Group's development and are **not equipped with a concrete quantified target (PI – Performance Indicator)**. The PARKOUR perform strategy program includes significant sales growth of over EUR 2 billion by 2025. Ongoing changes in the scope of consolidation due to acquisitions should therefore be expected in the next few years. For the ESG KPIs INDUS generally uses intensity targets per million euros of gross value added (GVA) or, in relation to the size of the workforce, per full-time equivalent (FTE). **The 2018 financial year is used as the base year for the target definitions.**

The **results of the materiality analysis** for the individual action areas are presented briefly below.

(i) Protecting the environment

Within this action area, five key topics can fundamentally be identified: Increasing energy efficiency, reducing greenhouse gas emissions along the entire value chain, renewable energies (use and technology development), responsible handling and avoidance of waste as well as the circular economy.

INDUS particularly focuses on minimizing direct GHG emissions (Scope 1 + 2). In principle there are two possible levers the INDUS Group can use to reduce greenhouse gas emissions (Scope 1 + 2): One is to use low-emission energy sources and the other is to increase energy efficiency – which is also of great importance from an economic perspective. For renewable energies, it is necessary to increase the procured quantities. In addition, INDUS can make further contributions to reducing greenhouse gas emissions along value chains through the development of technologies in the area of renewable energies. INDUS records the greenhouse gas emissions in Scopes 1-3, focuses on reducing greenhouse gas emissions in Scope 1+2 and seeks to reduce energy use. INDUS is aware that emissions in Scope 3 are also increasingly important, and as such the portfolio companies are encouraged to engage with the calculation of indirect emissions. At present, three portfolio companies

have already calculated their complete corporate carbon footprint, with other companies in the process of determining quantity-based emissions in Scope 3.

Due to these points of focus, the value drivers of efficiency improvement, entrepreneurial vision, and optimized investment decisions are relevant to the action area (i) “Protecting the environment”, and are used by the portfolio companies to identify opportunities. Corresponding innovation projects can also be supported by the sustainability development bank – a facility that increasing numbers of portfolio companies have made use of in recent years. Projects approved in the framework of the sustainability development bank in 2023 include photovoltaic systems, heating system replacement and a heated spiral conveyor.

This is relevant not only to a company’s own energy use but also signals a clear alignment of the INDUS Group toward new technologies. For example, hydrogen is considered a promising energy source for a sustainable future, and one of the key technologies for the decarbonization of the energy system. As a clean and efficient fuel, it could contribute to the decarbonization of industry, transport and energy supply. With a clear view to the future, the INDUS Hydrogen Workgroup is researching hydrogen technology and in particular the subject of hydrogen storage systems. INDUS subsidiary ELTHERM from Burbach has already been working in this area for some time: This specialist in electrical heat tracing systems provides solutions which ensure undried hydrogen (hydrogen gas that has not been freed of moisture) is protected against the formation of condensate during the transport and storage process. As such it is making an important contribution to the safe handling of hydrogen. Another member of the workgroup is GSR Ventiltechnik: Among the valves it offers there are already special solutions for the transport and storage of hydrogen, because the substance often cannot be used with unadapted existing gas infrastructure due to the high volatility that results from its small molecule size.

Over 90%, and as such the majority, of waste that is accrued in INDUS Group operations is non-hazardous. All waste is correctly disposed of in compliance with the respectively valid legal specifications. Nevertheless, INDUS strives to keep recycling rates as high as possible for all waste, minimize the waste volume in relation to the Group’s gross value added, and use local water resources sparingly. AURORA, manufacturer of cutting-edge heating and air-conditioning systems and components that are used in on- and off-road vehicle series, has reduced the amount of wastewater requiring disposal by 6,000 liters per month, by switching leak-tightness testing of certain vehicle components in tanks to a dry test procedure that uses helium. This also saves on power, as subsequent drying is not needed.

The portfolio companies of the INDUS Group are working on making a contribution to the circular economy through recyclability and the use of recycled materials in

their products. There is also relevant potential to protect resources, avoid waste and minimize the carbon footprint in the supply chain in reducing packaging materials. INDUS subsidiary OBUK, a specialist in premium front door panels, has taken up the search for alternative packaging solutions in collaboration with the Institution for Food Packaging Technology at the University of Hanover, and developed a more sustainable alternative. In addition, in 2023 OBUK brought a new product line to the market called FAIR LINE, in which recycled PET bottles are used for the sealing core of front door panels.

(ii) Fair work

The following key topics were identified: Safety and health of employees, basic and advanced training, fair pay and contractual terms, and work/life balance.

This action area is of particular importance with regard to the value drivers of efficiency improvement and entrepreneurial vision. INDUS particularly emphasizes mutual respect, fairness, team spirit, professionalism, and openness. These values are therefore an integral part of the INDUS Code of Conduct, which covers all the action areas of the sustainability strategy.

Preventing all accidents at work, particularly fatal accidents at work, is the top priority. It is particularly important for well-functioning economic activities and a good relationship between employers and employees that the safety and health of all participants is guaranteed. This relates not only to physical integrity, but also the mental health and solid resilience of all people. INDUS is conscious of the importance of safety and health, and therefore pursues these as an essential topic with corresponding measures and objectives.

To counteract the current shortage of specialists, INDUS wishes to continue to promote up-and-coming talents through training of new workers. This approach has several simultaneous advantages: Employees are supported with further training, their specialist knowledge is developed in line with the state of the art, and both employer attractiveness and financial competitiveness are maintained. Connected to this, INDUS considers it essential that employee performance is appreciated in the form of fair pay and fair contractual terms (for example under labor agreements). INDUS wishes to nurture the previously mentioned resilience by means of working conditions that are compatible with family and private life, and create respectful relationships with its employees.

(iii) Social justice

For us, the key topics in this action area are: Social commitment at regional and cross-regional level as well as being a good neighbor.

The integration of the portfolio companies in their local areas means they are an important part of the local social structure. Positive perception in the immediate vicinity is thus a significant value-driver and aids both the recruitment and the retention of employees. Avoiding damaging the environment through production, and as such an absence of legitimate complaints, is crucial for this action area. Furthermore, the INDUS Group's holding companies and INDUS financially support social institutions at local and national level and collaborate with social institutions such as workshops for the disabled. As employees of the companies in the INDUS Group frequently live in the direct vicinity of the business locations, INDUS is keen to ensure a good neighborly relationship with the surrounding neighborhoods.

(iv) Human rights

From the INDUS Group's perspective, protection of human rights along the value chain as well as diversity and equal opportunities are the most relevant topics within this action area.

Respect for human rights is a material aspect of the Code of Conduct for the entire INDUS Group. In addition, the INDUS Board of Management has clarified and expanded the Code of Conduct in respect of human rights and good working conditions, by adopting the UN declaration of principles on human rights. The INDUS Group's portfolio companies have their main sites in the German-speaking region and benefit from the standards in place within the value chain to protect employee rights and human rights.

Respect for human rights is seen not as a "value-driver" but as a basic requirement for our own economic activities and as a matter of course. The individual portfolio companies are responsible for compliance with human rights in their own company and in their supply chain. Overall responsibility for compliance with human rights in the INDUS Group lies with the Board of Management. One development step is the whistleblowing hotline that has now been established Group-wide. In the financial year 2023, preparations were implemented for the due diligence obligations that result from the German Supply Chain Due Diligence Act, in order to be able to create the first report on this in 2024.

(v) Honest business

Compliance management and transparent communication were identified as key topics here.

Respecting the current laws and regulatory framework is at the heart of all the INDUS Group's business activities. It is accordingly important to avoid misconduct and resulting fines as well as non-monetary penalties. Global markets are increasingly being tapped as part of further internationalization. As a rule, different regulations apply in these cases. For parts of the INDUS Group, this means

following additional legislative procedures as well as updating of specifications, and ensuring compliance with specifications without exception. Gaps in knowledge are tackled through dialog within the Group and through support from local experts in order to avoid unintentional misconduct as far as possible. INDUS values full and transparent communication about successful compliance, but also about any breaches committed, in order to be seen as an honest, fair and open company.

(vi) Shareholder support

In its capacity as a financial holding company, INDUS takes care of financial consolidation and supports the portfolio companies in the development of their business with capital and advice within the available scope of possibilities. INDUS regularly compares the success of the portfolio companies with its own expectations.

The key topics for us within this area of action are: **Portfolio optimization through acquisition activities** as well as methodological and financial support for achieving objectives (for example a development bank, training, etc.).

Strategic sparring with the portfolio companies is part of daily business for INDUS. In this action area, the focus is on the holding company's support activities, which serve as enablers for implementing ESG initiatives and projects in the portfolio companies. The INDUS Code of Conduct, which serves as a basis for the portfolio-company-specific codes and can be expanded by the portfolio companies as required, is a point of reference for corresponding ESG initiatives. In addition, the portfolio companies are **methodically and financially supported** in achieving the objectives they have set. INDUS Holding AG created a development bank for this purpose in the 2022 financial year, and also offers special training. Another significant component of the holding company's activities is portfolio enhancement by means of acquisition activities. In the initial screening of possible acquisition targets, the economic activities of the acquisition targets are considered in terms of their compatibility with the INDUS Holding AG Code of Conduct as well as the employee protection provisions, and their greenhouse gas emissions and impact on the Group's greenhouse emissions are assessed. All the listed activities and described key topics in the action areas should also foster a partnership founded on trust between INDUS Holding AG and its portfolio companies. The objective of INDUS Holding AG is not buying and selling, but the long-term promotion and development of portfolio companies in line with the "buy, hold & develop" strategy.

Calculation of Greenhouse Gas Emissions and Scope of Consolidation in Sustainability Reporting

Greenhouse gas emissions (GHG emissions) are calculated on the basis of the collection of the relevant activity data from all the portfolio companies in the scope of consolidation via the existing financial data reporting system at INDUS, which has been expanded for the purpose of specifically gathering activity data.

For the accounting of the INDUS Group's greenhouse gas footprint, INDUS uses the financial control approach in accordance with the Greenhouse Gas (GHG) Protocol Standards. According to these, 100% of the emissions of all the companies in the scope of consolidation in which INDUS or a direct portfolio company of INDUS holds at least 50% are included in the INDUS Group's GHG footprint. This is the case for all the INDUS Group's portfolio companies in the scope of consolidation. All companies with relevant greenhouse gas emissions are taken into account in this scope of consolidation. These include the significant production facilities and larger office and sales units. Data is not collected for units with very low emissions, especially local sales offices. A new addition as of January 2023 is the company QUICK Bauprodukte, a subsidiary of BETOMAX systems. SCHÄFER and SELZER have no longer been part of the scope of consolidation of INDUS Group since September and October 2023 respectively.

Overall, the scope of consolidation in the non-financial reporting consequently largely corresponds to the financial scope of consolidation less non-material units with very low emissions. The sustainability data, primarily consumption, takes into account six-month values for the deconsolidated portfolio companies SELZER and SCHÄFER, as at June 30, 2023. For all disclosures pursuant to the EU Taxonomy, the scope of consolidation is (necessarily) the same as for the financial reporting.

In addition to CO₂, nitrous oxide (N₂O), methane (CH₄) and partly fluorinated hydrocarbons (HFCs) were also included in the calculation of greenhouse gas emissions. Perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆) are not individually recorded because they are not relevant in the INDUS portfolio companies' production processes. The greenhouse gases are translated into CO₂ equivalents (CO₂e) and used exclusively in this form for the calculation of greenhouse gas emissions. Greenhouse gas emissions are stated in accordance with both the market-based and the location-based calculation methodology.

Emissions are categorized into Scope 1 (direct emissions from mobile and stationary combustion), Scope 2 (emissions that arise from the generation of purchased

electricity) and Scope 3 (indirect emissions – for example, as a result of business trips and purchased goods and services) in line with the GHG Protocol Standards. The emissions in Scope 1 and Scope 2 are calculated based on the collected activity data with corresponding emissions factors. In light of the complex diversity of the INDUS Group and its frequently assumed position in the middle of the value chain, we consider it disproportionate to take a similar approach for the emissions in Scope 3; as such, mainly financial data such as sales, purchased services or costs of materials, and other items are used for the purpose-oriented calculation of these emissions. These financial data are offset with “spend-based emissions factors”, that relate expenses in € in relation to emissions. The value chain in Scope 3 is taken into account both upstream and downstream in accordance with all 15 categories of the GHG Protocol Standards. A detailed description of the approach and calculation method for each GHG category is available on the INDUS website. [Visit www.indus.de/app/uploads/sites/2/2023/03/INDUS-Dokumentation-of-the-Scope-3-Methodology.pdf](https://www.indus.de/app/uploads/sites/2/2023/03/INDUS-Dokumentation-of-the-Scope-3-Methodology.pdf)

Targets and Time Horizon of the ESG KPIs

In terms of the time horizon, INDUS differentiates between short-term targets with the 2025 target year, medium-term targets (2030) and long-term targets (2045). The long-term target was modified in view of stricter climate legislation in Germany, with the aim now to make the entire INDUS Group climate-neutral in the year 2045. INDUS monitors the performance indicators (PIs) but does not currently have concrete targets for them. Data relating to headcount is always expressed in full-time equivalents (FTEs) based on the last day of the financial year, and includes external personnel.

The reduction targets for greenhouse gas emissions always refer to greenhouse gases according to the market-based calculation because the INDUS Group's expenses – for example, in the form of purchasing green electricity – are correspondingly represented in this way. The reduction targets are also net targets. The purchase of CO₂ certificates must always be seen as a possible additional measure and not a substitute for the sustainability initiatives in the Group. The greenhouse gas emissions offset by emissions certificates are reported separately in the tables of key figures that can be found in the non-financial report. The 2018 financial year is used as the base year for the reduction targets. The basis for the emissions reduction targets is the former sector target for the “Industry” sector of the German Climate Protection Act, which however became obsolete with the amendment to the Federal Climate Protection Act in June 2023 and the removal of the sector objectives.

The KPIs including the short-, medium-, and long-term targets are listed in the table below:

INDUS HOLDING AG'S SUSTAINABILITY TARGETS

Action areas	Name	KPI	Unit	2018 (Base year)	Target year		
					2025	2030	2045
Protection of environment	GHG emissions (Scope 1+2)*	PE01-GHG	t CO ₂ e/EUR million GVA	113	73 (-35%)	56 (-50%)	0 (-100 %)
	Percentage of sales accounted for by portfolio companies in line with the target	PE02-SustS	%	-	100	100	100
	Percentage of investments accounted for by portfolio companies in line with the target	PE03-SustS	%	-	100	100	100
	Work accidents	FA01-AU	per 100 FTE	3.3			continuously <3,0
Fair work	Fatal work accidents	FW02-FWA	Number	0			continuously 0
Social justice	Legitimate local complaints	SJ01-LC	Number	0			continuously 0
Human rights	Employees supplied with Code of Conduct	HR01-CoC	% der FTE	100			continuously 100
	Monetary value of significant fines	HB01-Fin	IN EUR '000	0			continuously 0
Honest business	Total number of non-monetary penalties	HB02-NmP	Number	0			continuously 0
	Payments to political parties	HB03-Pol	% of GVA	0			continuously 0

* To clarify the starting point and the target progress regarding the greenhouse gas reduction target (PE01-GHG), the gross emissions intensity for the 2018 base year is given (before taking account of emissions offsetting; see non-financial report of INDUS Holding AG 2019). The other information on emissions intensity in the PE01-GHG KPI refers to net emissions intensity.

To calculate the proportion of sales and the proportion of investments (PE02-SustS and PE03-SustI) represented by the portfolio companies that follow the emissions path towards the INDUS Group's target, it is necessary to annually determine the degree of target attainment by the individual portfolio companies with regard to the INDUS Group's emissions reduction target (PE01-GHG). The

INDUS Group's objectives are deemed to have been met on an annual basis if the corresponding portfolio company either (a) has an emission intensity lower than a linear emissions reduction path as specified in the INDUS target for 2025, or (b) it has been possible to reduce the portfolio company's emissions intensity in the financial year by at least 3% per financial year based on the 2018 base year.

The following table illustrates the two criteria:

SPECIFICATIONS FOR PORTFOLIO COMPANY COMPATIBILITY WITH THE EMISSIONS TARGET

	Einheit	Target year								
		2018	2019	2020	2021	2022	2023	2024	2025	
either	emissions intensity in	t CO ₂ e/EUR million GVA	<113	<107	<102	<96	<90	<85	<79	<73
or	Reduction in emissions intensity in comparison with the 2018 base year	%	-	>3	>6	>9	>12	>15	>18	>21

Action Areas in the 2023 Financial Year

All action areas (i)-(iv) are listed below, and in each case the targets, measures and results from the 2023 financial year are explained with an overview of key figures.

Environmental Issues | Protecting the Environment

GOALS

In order to protect and preserve the environment, the INDUS Group consistently works on reducing its greenhouse gas footprint. As an intermediate target, emissions intensity should be reduced by 35% by 2025, compared to the 2018 base year. In accordance with the German Federal Climate Protection Act (KSG), the Group aims to cause no more GHG emissions by 2045.

A key value-driver here is the resource efficiency of the production units of the INDUS Group. The INDUS Group would like to be able to maintain and generate competitive advantages in the long term through sustainable products and production processes. The target for the percentage of companies following the INDUS reduction target path is therefore 100%.

In order to further advance energy efficiency increases and the use/technology of renewable energies, the INDUS Group is considering defining suitable KPIs and respectively upgrading existing PIs and defining interim targets/targets. However, as disruptive factors also influenced the energy market in 2023, a realistic target definition cannot currently be executed.

MEASURES

Since electricity purchased by the INDUS Group accounts for a large share of emissions, for the most part power-saving measures as well as measures to reduce emissions from power consumptions were extrapolated and initiated. Some portfolio companies have already decided to switch to procuring green energy for their electricity supply; the total proportion of green energy was increased from 17% to 26% year on year. Additional companies in the INDUS Group are currently reviewing this measure, as well as the partial switch of the vehicle fleet to hybrid and electric vehicles. In the interim, over 270 vehicles with alternative drives are already part of the INDUS Group fleet (2022: 213 vehicles). The number of purely electric vehicles was almost doubled (2022: 29, 2023: 57). Photovoltaic systems make a key contribution to reducing the GHG emissions of the portfolio companies. Some portfolio companies have already installed solar panels on their buildings and others are reviewing or planning their installation. Some lighting has already been switched to LED in the financial year, and more will follow. An important

building block in the identification of additional measures to reduce energy consumption is regularly performing energy audits in accordance with DIN EN 16247-1. In 2023 alone, around 20 audits were performed at the group companies with external support.

INDUS is constantly in dialog with the portfolio companies both to provide support in the case of projects to increase resource efficiency under the “operational excellence” strategy focus, and when it comes to updating the individual sustainability strategies. In order to keep advancing this dialog, contact persons for sustainability have been named in all portfolio companies. In addition, with the sustainability development bank INDUS has been supporting portfolio companies since 2022, in relation to projects for which a significant reduction of GHG emissions and/or resources is expected, with total development funds of up to EUR 10 million available per year.

When checking possible acquisition targets, market opportunities are analyzed and market developments are forecast taking account of relevant future trends, which may also include the “GreenTech” field defined at INDUS. Ensuring compliance with statutory and regulatory environmental requirements is also a relevant component of the due diligence (DD) process. For acquisition targets which have business and production processes that are expected to have a greenhouse gas emissions intensity greater than the INDUS average, the “protecting the environment” action area components are audited separately.

The compensation system for INDUS Holding AG’s Board of Management includes a premium for achieving defined ESG targets (above all with respect to GHG reduction) as part of the short-term incentive (STI). As well as providing intrinsic motivation, the aim of this is to increase the speed of implementation of GHG reduction targets.

THE 2023 FINANCIAL YEAR

The following table summarizes the development of key figures from the “protecting the environment” action area in the 2023 financial year.

KEY FIGURES FROM THE “PROTECTING THE ENVIRONMENT” ACTION AREA

Key figure	Unit	2018 (Base year)	2022	2023	2025 (Target year)		
GHG emissions (Scope 1+2)*	PE01-GHG	t CO₂e / EUR million GVA	113	76 (-19%)	49 (-56%)	73 (-35%)	KPI¹
GHG emissions (Scope 1+2) (gross)		t CO ₂ e / EUR million GVA	113	80	53		
GHG emissions (Scope 1+2)		t CO ₂ e	79,586	48,636	41,101		
of which INDUS holding company		t CO ₂ e	161	98	91		
Percentage of sales accounted for by portfolio companies in line with the target	PE02-SustS	%	55.6	91.8	92.2	100	KPI¹
Percentage of investments accounted for by portfolio companies in line with the target	PE03-SustS	%	40.1	71.9	91.4	100	KPI¹
Energy intensity	SU04-E	MWh / EUR million GVA	323	321	222	reduce	PI ²
from renewable energy sources		%	1.1	9.8	14.4		
from renewable energy sources		MWh	2,461	19,056	24,988		
GHG emissions (Scope 1)	SU05-S1	t CO ₂ e / EUR million GVA	30	30	25	reduce	PI ²
GHG emissions (Scope 1)		t CO ₂ e	21,323	18,326	19,732		
of which INDUS holding company		t CO ₂ e	161	98	89		
GHG emissions (Scope 2, market-based)	SU06-S2	t CO ₂ e / EUR million GVA	83	50	27	reduce	PI ²
GHG emissions (Scope 2, market-based)		t CO ₂ e	58,264	30,310	21,369		
of which INDUS holding company		t CO ₂ e	0	0	2		
GHG emissions (Scope 2, location-based)		t CO ₂ e / EUR million GVA	85	83	46		
GHG emissions (Scope 2, location-based)		t CO ₂ e	59,711	50,660	35,944		
of which INDUS holding company		t CO ₂ e	51	64	72		
GHG emissions (Scope 3)	SU07-S3	t CO ₂ e / EUR million GVA	1,647	2,985	2,256		PI ²
GHG emissions (Scope 3)		t CO ₂ e	1,162,786	1,819,516	1,762,938		
of which INDUS holding company		t CO ₂ e	609	456	714		
GHG emissions (Scope 1-3)	PE08-Tot	t CO ₂ e / EUR million GVA	1,758	3,065	2,308		PI ²
GHG emissions (Scope 1-3)		t CO ₂ e	1,242,372	1,868,153	1,804,039		
of which INDUS holding company		t CO ₂ e	770	553	805		
Emission offsetting		t CO ₂ e	703	2.801	3.395		
Recycling ratio	SU09-Rec	%	58.9	67.9	69.0	increase	PI ²
Waste intensity	PE10-Was	t / EUR million GVA	22.7	22.5	13.7	reduce	PI ²
Total water withdrawal intensity	SU11-WE	m ³ / EUR million GVA	937	1.179	892	reduce	PI ²

* To clarify the starting point and the target progress regarding the greenhouse gas reduction target (PE01-GHG), the gross emission intensity for the 2018 base year is stated (before taking account of emission offsetting). The other information on emissions intensity in the PE01-GHG KPI refers to net emissions intensity. All other information on greenhouse gas emissions in the table refers to gross emissions.

¹ KPI: Quantified key performance indicator

² PI: Performance indicator without quantitative target.

In 2023, gross value added increased by 28% and Scope 1 and 2 emissions were further reduced (-15%). Emissions intensity (PE01-GHG) therefore saw positive development, and at 49 t CO₂e/EUR million GVA is now 56% below the base figure from 2018. The absolute energy requirement has dropped by 11%, and the energy intensity has decreased by 31%. The disincorporation of the portfolio companies SMA and SELZER had a significant effect: As energy- and emissions-intensive companies, the proportion of absolute Scope 1 and 2 emissions for the Group in the previous year was 17%. Without these two companies, the emissions intensity in 2022 (Scope 1+2 t CO₂e/EUR million gross value added) would have been 18% lower, and energy intensity 11% lower. The consumption values for SELZER have been included in 2023 up to mid-year. The disincorporation of SCHÄFER, whose consumption values are also taken into account up to mid-year, does not have a significant effect (in the stated key figures, 1% each).

The proportion of sales by portfolio companies meeting the targets (PE02-Nh) stayed almost the same, where the investment proportion of portfolio companies meeting the targets (PE03-Nh) was increased by 19 percentage points. The absolute Scope 3 emissions were reduced by 3%, which is primarily due to the reduction in bought-in raw materials, consumables, and supplies (-9%). The Scope 3 emissions as a proportion of gross value added (PE07-S3) came down by 24% due to the double effect (increasing gross value added and reducing Scope 3 emissions). In the 2023 financial year, more emissions were once again compensated for (compensations were effected in accordance with the Gold Standard) than in the previous year. At 3,395 tons of CO₂e, INDUS achieved a new high. Some portfolio companies compensate for their Scope 1 + 2 emissions, others only for those of their vehicle fleet. INDUS Holding AG also offsets all its Scope 3 emissions. The waste intensity (PE10-Was) was reduced by around 9 percentage points by the removal of SELZER; this corresponds to a relative reduction of 39%. The absolute waste quantity fell by 22%. The recycling rate (PE09-Rec) was increased by a good 1 percentage point. Absolute water extraction was reduced by 3%, and the increased gross value added results in a reduction in total water extraction intensity (PE11-WW) of 24%.

Employee Issues | Fair Work

GOALS

The INDUS Group wants to remain an attractive employer, whose companies are seen as important parts of the local social structure. In addition to fair pay, protecting the workforce's health is a top priority for INDUS. The aim is to completely prevent work accidents (excluding accidents while commuting), particularly fatal accidents. Due to the majority of the INDUS Group's production-intensive gross value added, work accidents cannot generally be completely excluded, which is why the objective is for fewer than three accidents to occur per 100 FTEs. Both our own employees and temporary staff are taken into account here. With a view to counteracting the general shortage of specialists, INDUS has made the basic and advanced training of employees a strategic objective, and something which is pursued in the individual portfolio companies. As an additional key figure, INDUS has been recording the proportion of companies with operational health management as a PI since 2022. Through increasing awareness of this subject, INDUS influences the portfolio companies to further promote employee welfare.

MEASURES

The protection of the workforce is individually handled by the portfolio companies' managing directors. Particular importance is attached to safe production conditions – for example, through the timely replacement of machinery and plant in consultation with INDUS Holding AG's Board of Management. In addition, INDUS provides methodological support as part of the strategic focus on "operational excellence" in order to optimize processes, for example, according to lean principles. INDUS also organizes lean management employee training in some cases. Digitalization for the more efficient design of certain processes also plays an increasing role here. One example is the window manufacturer WIRUS, which operates its production with a very high degree of digitalization today. From order receipt to production to delivery, the entire process is controlled digitally. This facilitates production without intermediate storage, and smooth production of individual parts.

Depending on the portfolio company, training and development plans are generally individually determined in dialog between managers and employees. Monitoring of annual expenditure for further training measures in EUR/FTE as well as the number of trainees and employees who study alongside their job are important building blocks in the continual promotion of employees.

Initiatives to ensure the well-being of employees are expressly welcomed – for example, in the form of training-up company health and safety officers, operational health management, organizing first-aid training, or

individual arrangements for mobile working and flexible hours, which also includes regulations on performing work activities when working from home. There is an increasing focus on ensuring that offices are designed in a way that promotes good health: In many portfolio companies for example, height-adjustable desks have been retrofitted and ergonomics consultations, back training or similar are offered. Another example is the greening of offices at one portfolio company, to improve air quality.

As part of the due diligence process, when making new acquisitions, INDUS checks whether the workforce is treated in accordance with the law and attaches importance to high labor standards, which are seen as a significant value-driver for the revenue generated.

THE 2023 FINANCIAL YEAR

The table below shows the development of the key figures for the “Fair Work” action area in the 2023 financial year:

KEY FIGURES FROM THE “FAIR WORK” ACTION AREA

Key figure	Unit	2018 (Base year)	2022	2023	2025 (Target year)	
Work accidents	FA01-AU per 100 FTE	3.3	2.6	2.3	<3.0	KPI ¹
Fatal work accidents	FW02-FWA Number	0	0	0	0	KPI ¹
Development expenditure	FA03-WB EUR/FTE	257	266	317		PI ²
Trainees	FW04-Tr Number	429	346	313		PI ²
Dual study	FW05-DuSt Number	82	62 ³	54		PI ²
Proportion of permanent contracts	FW06-Perm % of total FTE	96.1	95.9	97.8		PI ²

¹ KPI: Quantified key performance indicator

² Performance indicator without quantitative target.

³ Previous year's value adjusted

The number of work accidents per 100 FTE (FW01-WA) dropped by 9%, and at 2.3 accidents per 100 FTE remained below the target of fewer than 3 accidents per 100 FTE. The portfolio companies are working individually on reduction in this respect, with the target of having zero accidents. Expenditure on training and development is continuing to increase to a new high. The number of trainees (FW04-Tr) and dual students (FW05-DuSt) decreased. SCHÄFER and SELZER employed 21 trainees in the last year, and their removal has had an effect here. At around 98%, the proportion of permanent employees (FW06-Perm) is at a new high.

Social Issues | Social Justice

GOALS

Because the INDUS Group's companies are anchored in the local social structure, avoiding adversely affecting the immediate environment has top priority. INDUS measures this based on the number of legitimate local complaints (e.g., due to noise or odor disturbance) and endeavors to avoid these completely. From the INDUS point of view, this contributes to the positive perception of the companies, can have the effect of attracting potential employees, and as such creates long-term value for the Group. The same applies to collaborations and donations in a local or national context. In particular employees in the Group should be enabled to

submit ideas for suitable projects by means of the company's suggestion scheme.

MEASURES

The portfolio companies optimize their own production conditions and take account of individual local conditions in line with the requirements of the INDUS Code of Conduct. Similarly to the approach in the “Fair Work” action area, INDUS can support the optimization of production by modernizing the plant or corresponding process optimizations as part of the “operational excellence” strategic initiative.

Because adverse impacts on the local environment may point to future problem areas that could result in a value-reducing effect, in the due diligence process for acquisition targets we consider it important to take account of the acquisition targets' local conditions during plant inspections and site visits in the presence of at least one member of INDUS Holding AG's Board of Management.

THE 2023 FINANCIAL YEAR

The development of the key figures for the “Social Justice”

action area in the 2023 financial year is summarized in the table below:

KEY FIGURES FROM THE “SOCIAL JUSTICE” ACTION AREA

Key figure	Einheit	2018 (Base year)	2022	2023	2025 (Target year)	
Legitimate local complaints	SJ01-LC Number	0	1	0	0	KPI ¹
Donations to local social institutions	SJ02-LDon MILLION	280,916	239,256	291,240		PI ²
Donations to other social institutions	SJ03-NIDon MILLION	201,087	128,900	173,968		PI ²
Collaboration with social institutions	SJ04-Coll % of the INDUS Group	31	23	25		PI ²
Operating suggestions process	SJ05-CIP % of the INDUS Group	63	76	65		PI ²
Operational health management	SJ06-OHM % of the INDUS Group		44	51		PI ²

¹ KPI: Quantified key performance indicator
² PI: Performance Indicator without quantitative target.

There were no justified local complaints in the financial year 2023 (SJ01-LC).

Respect for Human Rights | Human Rights

GOALS

INDUS attaches great importance to complying with and being guided by the values set out in the UN declaration of principles on human rights and in the INDUS Code of Conduct. For example, the Code of Conduct specifies that no business relations may be maintained with clients or supplying companies that are publicly known to be in breach of fundamental principles of the INDUS Code of Conduct. One significant point in the INDUS Code of Conduct is ensuring the diversity of the workforce – INDUS is convinced that a diverse workforce is better able to foster creativity and productivity, and so makes an important contribution to corporate success. In October 2023, Gudrun Degenhardt became the first woman to be appointed to the Board of Management of INDUS Holding AG, alongside four men. She is responsible for the Materials segment. In terms of the age structure of the workforce and the proportion of female employees in the workforce and in management positions however, there are as yet no objectives in place; this is because the development of diversity is a long-term process at portfolio company level, and is accordingly managed by the portfolio companies themselves. INDUS expressly rejects all forms of discrimination. Staff are recruited, promoted, trained, and developed on the basis of job-related criteria. INDUS stands for respectful and open contact with other people, irrespective of their gender, social or marital status, age, skin color and origin, possible disabilities, religion, or sexual orientation, and strongly condemns any form of discrimination. Legally and ethically impeccable behavior toward fellow humans and the environment are considered a

fundamental principle. INDUS strives for full penetration of the principles of the Code of Conduct among the workforce and accordingly makes sure that the Code is made available to all employees in all the companies.

MEASURES

Immediately after each acquisition made or when a new site is opened, the Code of Conduct is given to local managing directors for implementation in their company. The Code of Conduct has been adjusted in accordance with the requirements arising from the German Supply Chain Due Diligence Act. The portfolio companies make use of publicly available information on customers and suppliers to assess business relationships. The absolute majority of INDUS customers and supplier companies are also domiciled in regions in which INDUS assumes compliance with human rights standards based on the applicable provisions of law. In addition, in the 2023 financial year a piece of software for risk analysis and ongoing risk monitoring of suppliers was installed Group-wide to automate supply chain transparency in the framework of current ESG requirements, including those arising from the Supply Chain Act (LkSG) and the EU taxonomy. Another measure is the provision of a supplier code of conduct for the portfolio companies, that meets all current requirements and can contribute to securing supply chain conditions, whereby portfolio companies are responsible for implementation of the code.

Breaches of the INDUS Code of Conduct are reported to INDUS Holding AG’s Board of Management in the context of compliance reporting. In such cases, the Board of Management monitors the countermeasures introduced by the managing directors of the company concerned. Compliance topics and current developments are discussed preemptively at the annual entrepreneurs’ conference (Unternehmertagung) with the managing directors of all

the companies. Breaches against human rights standards may additionally be reported Group-wide by means of an anonymous whistleblowing hotline.

In the due diligence process for potential new acquisitions, INDUS audits whether the acquisition target complies with legal and regulatory requirements both at a national and

an international level. In questionable cases, INDUS always discusses legal aspects with experts in advance.

THE 2023 FINANCIAL YEAR

The table below summarizes the development of the key figures for the “Human Rights” action area:

KEY FIGURES FROM THE “HUMAN RIGHTS” ACTION AREA

Key figure	Unit	2018 (Base year)	2022	2023	2025 (Target year)	
Employees supplied with Code of Conduct	HR01-CoC	% der FTE	100	100	100	KPI ¹
Age structure of the workforce ³	HR02-AS	% of FTE aged <20/20–29/ 30–39/40–49/ 50–59/≥60	2/18/23/24/ 26/7	2/15/24/24/ 26/9	2/14/23/24/ 26/11	PI ²
Proportion of women in the workforce	HR03-FR	% of FTE	30.3	27.3	28.2	PI ²
Proportion of women in management positions ⁴	HR04-FM	% of FTE in management positions	15.4	18.5	18.8	PI ²

¹ KPI: Quantified key performance indicator

² PI: Performance indicator without quantitative target.

³ Percentages are rounded to whole numbers, so when added together slight deviations from 100% are possible.

⁴ Group-wide key figure/definition; does not relate to the requirements of Section 76 (4) German Stock Corporation Act (AktG).

All INDUS Group employees had the Code of Conduct available to them. The goal of HR01-CoC was fully met. The proportion of women in the workforce (HR03-FR) and in management positions (HR04-FM) remained almost the same (+1 and respectively 0%).

Combating Corruption and Bribery | Honest Business

GOALS

For INDUS, it is clear that all of the INDUS Group’s business activities must be carried out in compliance with current laws, as stipulated in the INDUS Code of Conduct. Accordingly, the aim is to avoid any fines and any non-monetary penalties that result from breaches of regulations or laws in the field of the environment, financial statement accounting, discrimination, or corruption. In addition, INDUS does not influence legislative procedures and rejects the idea of payments to political parties, so aims to completely avoid any such payments.

The companies of the INDUS Group largely operate in European markets that have high business standards regarding monopoly and antitrust regulations. The INDUS Group’s goal is to avoid unfair business practices in order to exclude resulting lawsuits and actions. INDUS records corresponding reports on processes as part of compliance routines, and gives any resulting expenditures for lawsuits and actions due to anticompetitive conduct or breaches of antitrust or monopoly rules separately from fines. To assess the development of key figures as part of ongoing

internationalization and in the context of general globalization tendencies, INDUS also provides information on the proportion of revenues in countries with increased risk of corruption – the threshold for defining these countries with a Corruption Perceptions Index, CPI, by Transparency International Deutschland e. V. has been set at lower than 60.

MEASURES

Compliance with legal and regulatory requirements is fundamentally a business process that falls within the scope of each INDUS Group portfolio company. The companies of the INDUS Group independently ensure compliance with the INDUS Code of Conduct. INDUS ensures compliance with appropriate business standards and records any breaches in its compliance reporting. The Board of Management of INDUS Holding AG is responsible overall for ensuring that the Group’s economic activities conform with legal requirements. In the event of breaches, it confers with the managing directors of the portfolio companies regarding the introduction of countermeasures. To ensure awareness of the relevant requirements regarding compliance aspects, this topic is regularly part of the annual entrepreneurs’ conference (Unternehmertagung) and part of the continuing strategic sparring process. INDUS supports the design of compliance management systems at the portfolio companies – for example, through training courses.

The compliance requirements are also audited in the due diligence process for new acquisitions with the involvement of the Board of Management.

There is a whistleblower system ([Visit www.indus.de/en/about-indus/corporate-governance/](https://www.indus.de/en/about-indus/corporate-governance/)), via which internal and external parties can report (anonymously if preferred) information concerning illegal behavior and breaches of the rules in the INDUS Code of Conduct for further review by the INDUS Compliance organization. This information may in particular relate to all the aspects discussed here.

THE 2023 FINANCIAL YEAR

The table below shows the development of the key figures for the “Honest Business” action area in the 2023 financial year:

KEY FIGURES FROM THE “HONEST BUSINESS” ACTION AREA

Key figure	Einheit	2018 (Base year)	2022	2023	2025 (Target year)
Monetary value of significant fines	HB01-Fin IN EUR '000	0	0	0	0 KPI ¹
Total number of non-monetary penalties	HB02-NmP Number	0	0	0	0 KPI ¹
Payments to political parties	HB03-Pol MILLION	0	0	0	0 KPI ¹
Legal costs due to competition violations	HB04-Comp IN EUR '000	1.38	0	0	PI ²
Sales in countries with increased risk of corruption	HB05-CPI % of total sales	17.6	15.5	14.3	PI ²

¹ KPI: Quantified key performance indicator

² PI: Performance indicator without quantitative target.

No significant fines were imposed on the INDUS Group in the 2023 financial year (HB01-Fin), nor were any non-monetary penalties incurred (HB02-NmP). No payments were made to political parties (HB03-Pol). No legal costs due to competition violations were payable (HB04-Comp). The proportion of sales in companies with increased corruption risk (CPI<60) reduced by a good one percentage point, which corresponds to a relative reduction of seven percent. Sales in countries without an increased corruption risk, such as the USA, have seen a disproportionately high increase.

Shareholder Support

GOALS

INDUS attaches value to deriving portfolio-company-specific sustainability goals in the INDUS Group, particularly with regard to the Group target of the short-term reduction of the greenhouse gas emissions by 35% by 2025. The focus is on direct portfolio companies, which include their subsidiaries and other company sites as well as the head office in their strategy. INDUS is convinced that the portfolio companies can maintain and generate competitive advantages in the long-term through sustainable products and production processes. INDUS accordingly tracks the implementation of the operationalization of the Group sustainability strategy at individual portfolio company level.

For the implementation of effective measures in the context of ESG themes, INDUS also provides financial development funds through the sustainability development bank and the innovation development bank. The innovation development bank’s aims in terms of ESG typically include product

developments in the field of “GreenTech” and designing more resource-efficient production processes. A funding pot is made available to the portfolio companies via the sustainability development bank; this funding pot can be used for investments that help to significantly reduce greenhouse gas emissions. The investments funded will be continuously screened for eligibility as a CapEx plan within the meaning of the EU Taxonomy Directive. For both funding pots, the sums of annual funding granted are monitored and reported in the sustainability reporting.

MEASURES

INDUS Holding AG stands with its portfolio companies as a strategic sparring partner, and offers them various support options. This form of shareholder support enables the portfolio companies to tackle and implement additional projects and measures, including in the context of achieving the individual sustainability goals. When defining the individual portfolio companies’ sustainability goals, INDUS Holding AG’s Board of Management supports the local managing directors with identifying possible measures and also with the assessment of these measures’ potential – both from an economic and a sustainability perspective. In 2022, the assessment of proprietary consumption in CO₂ emissions for all years from the base year of 2018 was made transparent, which has enabled portfolio companies since then to plan to reduce their respective Scope 1 and 2 emissions. In addition, resource-conserving projects are assessed and supported in the framework of the sustainability development bank. The annual entrepreneurs’ conference (Unternehmertagung) regularly includes information on the subject of sustainability, for instance in the form of

discussions about expected developments in terms of reporting obligations and information needs of stakeholders, the advantages of determining proprietary Scope 3 emissions and possible approaches to doing so, as well as measures to reduce emissions.

For example, the INDUS portfolio company VULKAN INOX, a leading manufacturer of granulated stainless steel abrasives, systematically analyzed its carbon emissions. The ecocockpit not only takes direct and indirect (Scope 1 and 2) emissions into consideration, but also Scope 3 emissions for its products Chronital and Grittal. This enables VULKAN INOX to analyze the greenhouse gas equivalents in its processes and derive improvements. By switching to 100% renewable electricity and optimizations in the field of input materials, the company was able to achieve significant reductions in its greenhouse gas emissions.

In addition, subject specialists are available to the portfolio companies for assistance with specific questions. In its collaboration with the portfolio companies, INDUS founds its partnership on trust. Although INDUS Holding AG does

offer a range of support options, in principle it does not intervene in the operational day-to-day business of the portfolio companies. The management approach is decentralized, and targets are aligned in the context of the annual budgeting processes. In addition to supporting the portfolio companies, INDUS is primarily active in the acquisition of new companies. The acquisition targets considered in the due diligence process are evaluated for compatibility with the sustainability strategy's action areas. In particular, future trends relating to ESG themes are included in the forecast of financial performance for the acquisition target and the business areas in which the acquisition target operates. This is frequently the case with performance in terms of the future trend of green tech.

THE 2023 FINANCIAL YEAR

The table below shows the development of the key figures for the "Shareholder Support" action area in the 2023 financial year:

KEY FIGURES FROM THE "SHAREHOLDER SUPPORT" ACTION AREA

Key figure	Unit	2018 (Base year)	2022	2023	2025 (Target year)
Companies with stated emissions reduction goals	SS01-ET % of the INDUS Group	Erfassung ab 2020	84	93	PI ¹
Funded by the innovation development bank	SS02-InnD Funding in EUR '000	460	677	971	PI ¹
Funded by the sustainability development bank	SS03-SustF approved funding in EUR '000		2,106	1,103	PI ¹

¹ PI: Performance indicator without quantitative target.

As part of the budget process and strategic sparring, 93% of INDUS Holding AG's portfolio companies formulated emissions reduction goals up to the target year 2026 (SS01-ET). The portfolio companies that were added in the 2022 financial year have since set emissions reduction targets, and only a few portfolio companies felt unable to formulate well-founded reduction plans due to uncertain framework conditions. Seven projects were supported by the sustainability development bank in 2023, which is one more than in the previous year. This involved EUR 1.1 million in funding being approved for the portfolio companies, with an underlying investment volume of EUR 2.7 million. This corresponds to an average funding rate of 41%.

Overview of Key Figures

Action areas	Key figure	Unit	2018	2022	2023	2025	
Protecting the environment	GHG emissions (Scope 1+2)*	PE01-GHG t CO ₂ e/EUR million GVA	113	76 (-19%)	49 (-56%)	73 (-35%)	KPI ¹
	GHG emissions (Scope 1+2) (gross)	t CO ₂ e/EUR million GVA	113	80	53		
	GHG emissions (Scope 1+2)	t CO ₂ e	79,586	48,636	41,101		
	of which INDUS holding company	t CO ₂ e	161	98	91		
	Proportion of sales by portfolio companies meeting the targets	PE02-SustS %	55.6	91.8	92.2	100	KPI¹
	Proportion of investments for portfolio companies meeting the targets	PE03-SustS %	40.1	71.9	91.4	100	KPI¹
	Energy intensity	SU04-E MWh/EUR million GVA	323	321	222	reduce	PI ²
	from renewable energy sources	%	1.1	9.8	14.4		
	from renewable energy sources	MWh	2,461	19,056	24,988		
	GHG emissions (Scope 1)	SU05-S1 t CO ₂ e/EUR million GVA	30	30	25	reduce	PI ²
	GHG emissions (Scope 1)	t CO ₂ e	21,323	18,326	19,732		
	of which INDUS holding company	t CO ₂ e	161	98	89		
	GHG emissions (Scope 2, market-based)	SU06-S2 t CO ₂ e/EUR million GVA	83	50	27	reduce	PI ²
	GHG emissions (Scope 2, market-based)	t CO ₂ e	58,264	30,310	21,369		
	of which INDUS holding company	t CO ₂ e	0	0	2		
	GHG emissions (Scope 2, location-based)	t CO ₂ e/EUR million GVA	85	83	46		
	GHG emissions (Scope 2, location-based)	t CO ₂ e	59,711	50,660	35,944		
	of which INDUS holding company	t CO ₂ e	51	64	72		
	GHG emissions (Scope 3)	SU07-S3 t CO ₂ e/EUR million GVA	1,647	2,985	2,256		PI ²
	GHG emissions (Scope 3)	t CO ₂ e	1,162,786	1,819,516	1,762,938		
of which INDUS holding company	t CO ₂ e	609	456	714			
GHG emissions (Scope 1-3)	PE08-Tot t CO ₂ e/EUR million GVA	1,758	3,065	2,308		PI ²	
GHG emissions (Scope 1-3)	t CO ₂ e	1,242,372	1,868,153	1,804,039			
of which INDUS holding company	t CO ₂ e	770	553	805			
Emission offsetting	t CO ₂ e	703	2.801	3.395			
Recycling ratio	SU09-Rec %	58.9	67.9	69.0	increase	PI ²	
Waste intensity	PE10-Was t/EUR million GVA	22.7	22.5	13.7	reduce	PI ²	
intensity	SU11-WE m ³ /EUR million GVA	937	1.179	893	reduce	PI ²	
Fair work	Work accidents	FA01-AU per 100 FTE	3.3	2.6	2.3	<3.0	KPI¹
	Fatal work accidents	FW02-FWA Number	0	0	0	0	KPI¹
	Development expenditure	FA03-WB EUR/FTE	257	266	317		PI ²
	Trainees	FW04-Tr Number	429	346	313		PI ²
	Dual study	FW05-DuSt Number	82	62 ⁵	54		PI ²
	Proportion of permanent contracts	FW06-Perm % of total FTE	96.1	95.9	97.8		PI ²

Action areas	Key figure		Unit	2018	2022	2023	2025	
Social justice	Legitimate local complaints	SJ01-LC	Number	0	1	0	0	KPI ¹
	Donations to local social institutions	SJ02-LDon	EUR	280,916	239,256	291,240		PI ²
	Donations to other social institutions	SJ03-NI-Don	EUR	201,087	128,900	173,968		PI ²
	Collaboration with social institutions	SJ04-Coll	% of the INDUS Group	31	23	25		PI ²
	Operating suggestions process	SJ05-CIP	% of the INDUS Group	63	76	65		PI ²
	Operational health management	SJ06-OHM	% of the INDUS Group		44	51		PI ²
Human rights	Employees supplied with Code of Conduct	HR01-CoC	% of FTE	100	100	100	100	KPI ¹
	Age structure of the workforce ³	HR02-AS	% of FTE aged <20/20-29/30-39/40-49/50-59/≥60	2/18/23/24/26/7	2/15/24/24/26/9	2/14/23/24/26/11		PI ²
	Proportion of women in the workforce	HR03-FR	% of FTE	30.3	27.3	28.2		PI ²
	Proportion of women in management positions ⁴	HR04-FM	% of FTE in management positions	15.4	18.5	18.8		PI ²
Honest business	Monetary value of significant fines	HB01-Fin	in EUR '000	0	0	0	0	KPI ¹
	Total number of non-monetary penalties	HB02-NmP	Number	0	0	0	0	KPI ¹
	Payments to political parties	EW03-Pol	EUR	0	0	0	0	KPI ¹
	Legal costs due to competition violations	HB04-Comp	in EUR '000	1.38	0	0		PI ²
	Sales in countries with increased risk of corruption	EW05-CPI	% of total sales	17.6	15.5	14.3		PI ²
Shareholder support	Companies with stated emissions reduction goals	SS01-ET	% of the INDUS Group	Erfassung ab 2020	84	93		PI ²
	Funded by the innovation development bank	SS02-InnD	Funding in EUR '000	460	677	971		PI ²
	Funding from the sustainability-development bank	SS03-SustF	approved funding in EUR '000		2,106	1,103		PI ²

* To clarify the starting point and the target progress regarding the greenhouse gas reduction target (PE01-GHG), the gross emission intensity for the 2018 base year is stated (before taking account of emission offsetting). The other information on emissions intensity in the PE01-GHG KPI refers to net emissions intensity. All other information on greenhouse gas emissions in the table refers to gross emissions.

¹ KPI: Quantified key performance indicator

² PI: Performance indicator without quantitative target

³ Percentages are rounded to whole numbers, so when added together slight deviations from 100% are possible.

⁴ Group-wide key figure/definition; does not relate to the requirements of Section 76 (4) German Stock Corporation Act (AktG)

⁵ Previous year's value adjusted

INDUS' Contribution to the Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are global targets for achieving sustainable development, and set globally applicable benchmarks for priorities and targets until 2030. They cover a broad spectrum of sustainability issues that range from poverty, health and climate change to environmental damage. A total of 17 SDGs were defined along with 169 sub-targets. The SDGs are aimed primarily at governments; however, the success of their implementation will depend on the actions and cooperation between everyone, including businesses. INDUS, too, wants to contribute to the successful implementation of the SDGs with its sustainability strategy. With the sustainability targets set internally and measures in the defined material topics, INDUS supports the implementation of a total of 15 of the 17 Sustainable Development Goals.

THE 15 SUSTAINABLE DEVELOPMENT GOALS SUPPORTED BY INDUS



In order to establish the connection between the SDGs and the action areas identified by INDUS as material, the latter were observed along the value chain and compared with the SDGs and the associated sub-targets. We also considered how the SDGs relate to one another. The assessment was supplemented by viewing publicly available literature such

as “Linking the SDGs and GRI Standards,” Global Reporting Initiative, 2020.

The map created in this fashion was then submitted to the INDUS Board of Management, who in turn approved it.

The individual action areas identified as material by INDUS with the associated material topics and measures contribute in the following way to attaining the SDGs:

Action areas	Material topic	SDG	SDG Icons
Protecting the environment	Improving energy efficiency	7 Affordable and clean energy 8 Decent work and economic growth 12 Responsible consumption and production 13 Climate action	
	Greenhouse gas emissions along the entire value chain	8 Decent work and economic growth 12 Responsible consumption and production 13 Climate action	
	Renewable energy (use and technological developments)	7 Affordable and clean energy 8 Decent work and economic growth 9 Industry, innovation and infrastructure 12 Responsible consumption and production 13 Climate action	
	Responsible handling and prevention of waste	8 Decent work and economic growth 12 Responsible consumption and production 14 Life below water	
	Circular economy	8 Decent work and economic growth 12 Responsible consumption and production 14 Life below water	
	Employee health and safety	3 Good health and well-being	
	Basic and advanced training	4 Quality education 5 Gender equality 13 Climate action	
	Fair pay and employment contracts	1 No poverty 5 Gender equality 10 Reduced inequalities	
	Work-life balance	3 Good health and well-being 5 Gender equality	
	Social justice	Social commitment in the region and beyond	1 No poverty 5 Gender equality 6 Clean water and sanitation 16 Peace, justice and strong institutions 17 Partnerships for the goals
Good neighborhoods		11 Sustainable cities and communities	
Protection of human rights along the value chain		1 No poverty 3 Good health and well-being 6 Clean water and sanitation 8 Decent work and economic growth 16 Peace, justice and strong institutions	
Human rights	Diversity and equal opportunities	5 Gender equality 10 Reduced inequalities	
Combating corruption and bribery/honest business	Compliance management	16 Peace, justice and strong institutions	
	Transparent communication	n.a.	
Shareholder support	Portfolio optimization through acquisition activities	n.a.	
	Methodological and financial support to achieve targets (e.g. development bank, training, etc.)	9 Industry, innovation and infrastructure	

Classification of the Economic Activities of INDUS According to the EU Taxonomy Regulation

General Introduction to the Taxonomy

The Green Deal published by the European Commission in 2019 is aimed at the sustainable transformation of the economy. The EU taxonomy is of major importance to this goal, in its function as a classification instrument that defines ecologically sustainable activities.

Within the framework of the EU taxonomy, six environmental objectives are pursued:

1. Climate change mitigation – CCM
2. Climate change adaptation – CCA
3. Sustainable use and protection of water and marine resources – WTR
4. Transition to circular economy – CE
5. Pollution prevention and control – PPC
6. Protection and restoration of biodiversity and ecosystems – BIO

The reporting obligation has previously been limited to the first two environmental objectives. For the 2023 financial year however, all six environmental objectives must be reported on for the first time.

There is a reduced reporting obligation for all economic activities that were only added to the EU taxonomy through the Delegated Directives (EU) 2023/2485 and 2023/2486 in June 2023; for these activities, reporting is only required relating to taxonomy eligibility for the 2023 financial year; compliance with the activity description/designation is decisive for eligibility for taxonomy. This comprises in particular activities relating to environmental objectives 3-6 (sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems) in the Environmental Act, but also individual activities newly included in the Environmental Act which relate to environmental objectives 1 and 2.

As was also the case in the previous year, taxonomy compliance must be reported on for the activities already previously taken into account in the EU taxonomy based on the Delegated Regulations (EU) 2021/2139 and 2022/1214. For taxonomy compliance, it is also reviewed whether the respective economic activity fulfills the criteria for a material contribution to one of the environmental objectives, does no significant harm (DNSH) to any other environmental objectives, and meets the minimum level of protection. Compliance is only achieved if all aspects apply.

INDUS Group consists of 43 portfolio companies, and some additional sub-subsidiaries. The subsidiaries have their registered seats in Germany and Switzerland. Branches and sub-subsidiaries have their registered offices primarily in the German-speaking region. Since 2023, the Group has been subdivided into three segments, with 14 to 16 portfolio companies in each segment: Engineering, Infrastructure and Materials. The segments are each managed by a member of the Board of Management that is responsible for the segment.

Most portfolio companies supply products for the middle of the value chain, such as metal parts, materials for surface processing, and tool and machine parts that predominantly do not fall under the EU taxonomy.

Internal Organization of the Topic

To fulfill the reporting requirements in the framework of the EU taxonomy, a working group was founded at holding-company level in the 2021 financial year. Since then, this group has been working in coordination with the respective departments and portfolio companies to determine the economic activities eligible for taxonomy in the portfolio cluster, review these in terms of their taxonomy compliance, and determine the associated sales, CapEx and OpEx.

Taxonomy-Eligible Economic Activities

In this process, the findings from the two previous financial years were expanded on in the 2023 financial year.

The (main) activities of all portfolio companies were already identified and centrally listed in the 2021 financial year. The list has been annually updated since then and the effects of the update on taxonomy reporting have been analyzed. This relates to, for example, the discontinuation (e.g. through the sale of portfolio companies) or addition of new economic activities (e.g. through the acquisition of new portfolio companies or the development of new business fields), as well as the subsequent screening of these activities with respect to eligibility for taxonomy. However, regulatory changes are also taken into account on an ongoing basis and examined in terms of their importance for the INDUS Group. Based on this list and other factors, a structured screening of the activities of INDUS AG and its portfolio companies was performed this year in relation to the economic activities newly added to the taxonomy in June 2023 as a result of the Delegated Regulations (EU) 2023/2485 and 2023/2486.

Here, partly due to ambiguous wording and a lack of limitations, there were some uncertainties in interpretation. Various approaches were selected so it would nevertheless be possible to report conservative data. For example, based on the generic activity description arising from CE 1.2.

“Manufacture of electrical and electronic devices”, only such manufacturers are included that comply with the definition arising from electrical and electronics equipment law and accordingly are listed in the directory of registered manufacturers and registered authorized agents in accordance with electrical and electronics equipment law. For the preparation of the next report, it is planned that these assessments will be reviewed again, taking into account new findings from recommendations and best practices. For 2023, five portfolio companies generated sales that fall under CE 1.2 “Manufacture of electrical electronic devices”. In addition, sales by the four portfolio companies in the activity fields of CE 5.1. “Repair, refurbishment and remanufacturing” and CE 5.2. “Sale of spare parts” were included. In this process, filtering was initially done by the relevant NACE codes, and then sales for the economic activities were determined at company level.

In addition, for AURORA Konrad G. Schulz GmbH & Co. KG relevant activities with respect to the activity CCM 3.18. “Manufacture of automotive and mobility components” were identified. Additionally, a cogeneration unit was installed at this portfolio company in 2023. Although environmental aspects were noted in this process, the detailed evidence required in the framework of a compliance check is not available in the required form. Therefore, the investment is reported as taxonomy-eligible.

In 2023, buildings were built and sold that fall under the activity CCM 7.7. “Acquisition and ownership of buildings.”

Some of the activities listed under environmental objective 1 are also named under environmental objective 2. In line with the previous year, we have allocated our economic activities in these cases exclusively to environmental objective 1, as we consider our focus to be in this area.

The activities to be newly identified supplement the activities already reported in the previous year (see table).

TAXONOMY-ELIGIBLE ACTIVITIES CONSIDERED

KPI	Category	ID	Economic activity	Activity	Portfolio company
Sales	a) Assets/processes that are associated with taxonomy-eligible and taxonomy-compliant activities	1	CCM 3.5. Manufacture of energy-efficient equipment for buildings	Manufacture of front doors with high heat insulation	OBUK
				Manufacture of windows and doors with high noise and heat insulation	WIRUS
		2	CCM 3.18. Manufacture of automotive and mobility components	Manufacture of heat pumps	REMKO
				Manufacture of air-to-air air-conditioning devices	REMKO
		3	CCM 4.16. Installation and operation of electrical heat pumps	Manufacture of heat pump systems	AURORA
				Installation and maintenance of heat pumps	REMKO
		4	CE 1.2. Manufacture of electrical and electronic devices	Manufacture of heating controllers and thermostats	ELTHERM
				Manufacture of refueling technology and tire pressure control systems	HORN GROUP
		5	CE 5.1. Repair, refurbishment and remanufacturing	Manufacture of data loggers, measurement technology and sensors	IPETRONIK
				Manufacture of bolt welding equipment	KÖCO
		6	CE 5.2. Sale of spare parts	Manufacture of electric heaters, air-conditioning devices, dehumidifiers and air purifiers	REMKO
Foreign body inspection systems	Mesutronic				
7	CCM 3.5. Manufacture of energy-efficient equipment for buildings	Refueling technology, tire pressure control systems	HORN GROUP		
		Conveying technology	BUDDE		
8	CE 1.2. Manufacture of electrical and electronic devices	Components for automation systems	IEF Werner		
		Foreign body inspection systems	MESUTRONIC		
9	CCM 4.30. Highly efficient power-heat/cold coupling with fossil gaseous fuels	Refueling technology, tire pressure control systems	HORN GROUP		
		Conveying technology	BUDDE		
10	CCM 6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Components for automation systems	IEF Werner		
		Manufacture of front doors with high heat insulation	OBUK		
11	CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings	Manufacture of windows and doors with high noise and heat insulation	WIRUS		
		Refueling technology, tire pressure control systems	HORN GROUP		
12	CCM 7.6. Installation, maintenance and repair of renewable energy technologies	Data loggers, measuring technology and sensors	IPETRONIK		
		Bolt welding equipment	KÖCO		
13	CCM 7.7. Acquisition and ownership of buildings	CCM 4.30. Highly efficient power-heat/cold coupling with fossil gaseous fuels	Cogeneration unit	AURORA	
		CCM 6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Leasing of company cars	Entire INDUS Group	
CAPEX	c) Acquisition of products from taxonomy-eligible and taxonomy-compliant activities and individual measures through which the target activities are performed in a low-carbon manner or the emission of greenhouse gases is reduced	11	CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings	Installation of charging pillars	H+S KÖSTER KG OBUK KG REMKO KG SIMON KG
				Installation, maintenance and repair of photovoltaic systems and the associated technical equipment	BETEK ELTHERM FS-BF HAUFF MBN FROHMASCO ROLKO ZHANGZHOU
				Purchase and leasing of land and buildings	Entire INDUS Group

Here, activities with the ID 1-8 are portfolio-company-specific or business-model-specific, while activities 9-13 may potentially be of relevance for all holding companies. In respect of these potentially generally relevant activities, they are recorded using central data in Investtool and the INDUS Holding AG assets analysis.

Taxonomy-compliant Activities

Due to the reporting obligation for activities newly added in June 2023, which is eased for this year, initially only taxonomy eligibility needs to be reported for these activities. Therefore, it was possible to largely build on the findings from the previous year in this year's compliance review.

The requirement criteria were already collated together last year in a screening table. This year, it was necessary to note that certain requirement criteria were changed by the Delegated Regulation (EU) 2023/2485. These related to both more minor changes such as the selection of individual words and more major changes – for example, individual paragraphs were added to, or amended in, or entirely removed from Annex C.

On the basis of this screening table, the fulfillment of the criteria was reviewed in cooperation between the holding company and the affected portfolio companies.

For the sales-generating activities in the area of doors and windows, the technical assessment criteria are used to make a distinction between those that taxonomy-eligible and taxonomy-compliant. All products are taxonomy-eligible because they fall in the description of activity 3.5 and generally have high insulation values. For products that are to be allocated to economic activity 4.16, all products also fulfill the technical assessment criteria and are therefore taxonomy-compliant. Other, non-sales-generating activities are exclusively taxonomy-eligible such as those that are to be allocated to economic activity CCM 4.1. "Electricity generation using solar photovoltaic technology". This is due to the photovoltaic modules not being produced, but only acquired and used as a green product. These are non-sales-generating activities and here we understand our taxonomy-eligible economic activities as the acquisition of production. In accordance with the prevalent interpretation of the legal act, including by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany), this results in the review of taxonomy compliance, and in particular the DNSH and minimum protection criteria, needing to be performed at the level of the photovoltaic module supplier. Corresponding inquiries with the suppliers have not provided sufficient evidence. This is due to the direct suppliers generally being small to mid-sized installation operators which, due to not being directly affected, are not able to furnish the difficult-to-obtain evidence of taxonomy compliance of their products, or have to themselves request it in

turn. The information situation may however improve in the next few years as demand increases, with the result that conversion into taxonomy-compliant activities is conceivable for the future. However, these activities are to be classified only as taxonomy-eligible for the 2023 financial year.

Material Contribution

The audit activities and documentation were executed for each activity and on a location-related basis, and are summarized at this point. To fulfill a material contribution concerning environmental objective 1 "Climate change mitigation", certain technical assessment criteria must be met. At INDUS these relate, for example, to the heat transfer coefficients (manufacture of windows and doors), the energy efficiency class (manufacture and installation of heat pumps) or also the cooling agent thresholds (installation of heat pumps). These technical assessment criteria have been communicated to the portfolio companies with business-model-specific taxonomy-eligible economic activities, and they have been correspondingly asked which of their products comply with these requirements. The requirements are met to the full extent in the manufacture of heat pumps and air-to-air air-conditioning devices. For doors and windows, the thresholds are largely complied with. The result of this analysis forms the basis for identifying sales that are achieved through taxonomy-compliant activities as well as the associated investment expenses and operating expenses.

The mixing-up of sales, CapEx and OpEx must be entirely ruled out because different accounts are addressed here in terms of accounting. Avoiding double-counting within the revenue, investment expenses and operating expenses is ensured by it only being possible for the respective values to be reported by the portfolio companies once using the consolidation software LucaNet. If an activity can potentially be attributed to several environmental objectives this, together with the specific allocation of sales, CapEx and OpEx to an environmental objective, is marked accordingly in this report sheet. This also avoids double-counting in this respect.

DNSH

In the sense of taxonomy, the material contribution of an economic activity to an environmental objective must not take place with an acceptance of negative effects on one of the other five environmental objectives. Therefore, do-no-significant-harm (DNSH) criteria must be used to review whether marked harm can be ruled out. The criteria to be set out relate in parts to already existing EU regulations, compliance with which is in any case a requirement for construction and operating licenses. INDUS activities generally cause very little harm. This finding was the outcome of the

thorough review of the DNSH criteria. The fulfillment of DNSH criteria for the individual environmental objectives is explained in more detail below. In comparison with the previous year no additional activities were identified that make a material contribution, so this year the DNSH assessment from the previous year was essentially reviewed to ensure it is up-to-date, and optimized in places.

The **adaptation** of business activities to **climate change** is also of no minor economic relevance. This is reflected in the fact that opportunities and risks associated with climate change play an amplified role in risk management and in investment decisions.

In financial year 2022, the climate risk and vulnerability assessment required in the taxonomy was based on the recommendation of the guideline “How to perform a robust climate risk and vulnerability assessment for EU taxonomy reporting?”, German Government Environment Agency (final version dated November 9, 2022) at location and activity level. The scenario analysis for the RCP scenarios 8.5, 4.5, 2.6 and regarding the current risk was performed using the publicly accessible GERICS database – climate outlooks for administrative districts beyond mid-century to 2065. As the definition of climate risks in GERICS is not congruent with the taxonomy, a corresponding allocation must be applied. In addition, GERICS does not cover all 28 climate risks stated in the taxonomy. Some of these gaps can be ruled out due to the geographic location of the portfolio companies. It was possible to assess the other risks by referring to other data such as the WWF Risk Filter Suite.

The assessment found that the locations are only affected by very few climate risks and, in the event that they do occur, they would not jeopardize the performance of economic activity in those locations, and would not result in relevant financial losses.

In this year, in addition to the analysis from the previous year, an increased focus was placed on supply chain resilience to climate-related risks. In this process, for portfolio companies with taxonomy-compliant activities the transport routes and means of transport, for example, were analyzed in terms of their susceptibility to climate risks, and the consideration of risks in the supply chain in risk management was examined. In terms of the **sustainable use and protection of water and marine resources**, there are requirement criteria for processes including the manufacture of doors, windows and heat pumps, as well as for the installation of heat pumps. These relate primarily to legal and official requirements which it is mandatory to comply with for construction and operating licenses; for this reason alone fulfillment can be assumed. None of the three affected portfolio companies had to perform an environmental compatibility test to obtain a construction and operating license. Accordingly, there are legal requirements and approvals relating to bodies of water that could arise from this test. Due to the companies’ activity profile, water consumption

is low; in addition, the locations are not in water stress areas with high acute risk of drought. The WWF Risk Filter Suite also does not expect a high risk up to 2050 taking into account the IPCC scenarios RCP 4.5 and 6.0. The companies nonetheless strive to handle water as a resource in a responsible manner. For example, at OBUK the water circuits in production are closed.

In addition, the geographical position of the respective locations as well as the specific production process are examined for potential negative effects on water quality and water scarcity. No significant risk was identified in this process. The influence on this assessment of the changes to the requirements applied in June 2023 (Annex B) was assessed and is classified as not material.

For the **transition to a circular economy**, there are requirements such as high durability, ease of disassembly and high recyclability. As the specific options for integration into the circular economy depend on the respective activity, the individual activities have been considered and in each case assessed with respect to criteria such as longevity or recyclability. Generally, it can be said that for economic reasons INDUS portfolio companies’ products and their components are designed in such a way that they last a long time, i.e. they differ from competing products in this respect, and offer good recyclability. High recyclability means that at the end of the product lifecycle it is possible to reuse individual components, which are often still valuable as raw materials – such as glass which, after product disassembly is supplied back to the recyclable material cycle. To support this process, WIRUS for example collaborates with special disposal companies that are specialized in the recycling of windows.

Waste that is accrued in the production process is also increasingly internally recycled and fed back into the production process. A specific example here is drawn from the portfolio company OBUK (Contribution to economic activity 3.5. “Manufacture of energy-efficient equipment for buildings”): Its rigid foam recycling mill means that 100% of the rigid foam waste generated during the production of insulation boards for door panels can be recycled. The recycled Purenit is then provided back to the supplier and finally is used in new insulating material.

On the heat pumps it sells, REMKO offers a manufacturer warranty of five years and also services for maintenance and repair as well as a spare parts service, including for older models. In order that wearing parts can be replaced, the heat pumps are designed in such a way that they are easy to disassemble. On that basis and due to the longevity of the devices, resources are protected that would be consumed through the repeated procurement of new devices.

In terms of **pollution prevention and control**, there are activity-specific requirements in some areas. For activities that fall under 4.16 “Installation and operation of electrical heat pumps”, air-to-air heat pumps for example

with a nominal output of a maximum of 12 kW must not exceed certain thresholds with respect to the sound power level, and the examined products meet this standard. Activities that fall under 3.5 “Manufacture of energy-efficient equipment for buildings” must not, or in some cases may only under certain requirements, result in the production, placing onto the market, or use of certain chemical substances. The chemical compounds correspondingly listed in Appendix I, Annex C, Letters a) to e) of the Environmental Act result (in some cases only in the case of non-compliance with specific requirements) in an economic activity being categorically ruled out as taxonomy-compliant.

In the course of the change in requirements in June 2023, the requirements from letter g) were deleted and the requirements from f) were adapted: Use of the substances stated there is only permitted if there is no alternative to these substances and they are used under controlled conditions. There are still a few substances for which there is currently not yet an alternative. However, these are used under controlled conditions, i.e. the substances are processed in such a way that there is no risk to employees or buyers of the products.

The majority of the critical substances named in Appendix I, Annex C to the Environmental Act are subject to applicable German legislation. At these points, in the sense of the legality principle, reference is made to applicable law; i.e. as long as no different indices are present, at these points conformity of the portfolio companies with the legal requirements is assumed as a principle. This concerns, for example, the use of certain hazardous substances in electrical and electronic devices due to the RoHS Directive 2011/65/EU (Restriction of Hazardous Substances). Compliance with the RoHS Directive is a compulsory requirement for achieving the CE mark, without which electrical devices may not be circulated in the EU. In this way, REMKO guarantees compliance for the products correspondingly put on the market.

At all points at which the requirements from the EU taxonomy go beyond the current legislation, firstly the key raw materials are identified for the respective products, and checked for negative effects in accordance with Annex C. In addition, in 2022 the relevant companies requested, evaluated and checked the taxonomy compliance of the safety datasheets for all chemicals used in 2022 for the manufacture of taxonomy-eligible products. This was relevant both to chemicals that go into WIRUS windows as adhesives, for instance, but also, for example to cleaning agents that do not become part of the final product. For this year's report, additionally to the review from the previous year, the changed requirements were taken into account and the safety datasheets for the substances newly used in 2023 were reviewed. According to the REACH Regulation, the manufacturer must create safety datasheets for all chemicals officially defined as hazardous and their emulsions, and provide them to customers. This thorough review resulted in no indications that potentially harmful chemicals have been used.

The review of requirements in terms of pollution prevention and control was performed to the best of our knowledge and judgment. However, it should be mentioned at this point that there are still some uncertainties in terms of interpretation with respect to the requirements arising from Annex C.

In principle compliance with existing regulations is also required in the **protection and restoration of biodiversity and ecosystems**. Depending on the respective company's business model and the geographical location, the required environmental compatibility tests and respectively assessments of environmental compatibility are the basis for obtaining construction and operating licenses, and are therefore in place where necessary. None of the three affected portfolio companies had to perform an environmental compatibility test to obtain a construction and operating license.

The taxonomy also requires the review of proximity to biodiversity-sensitive areas which, in the case of a positive assessment and a risk of negative effects on these areas due to an activity, can result in a Habitats Directive compatibility test being performed and the requirement to implement certain measures.

The review using several publicly accessible databases (such as nature reserves in Germany published by the Federal Agency for Nature Conservation or the overview of UNESCO biosphere reserves) did not result in any geographical proximity to the German locations. The OBUK Polish location is in a bird reserve in accordance with the Birds Directive (Directive 2009/147/EC). An official preliminary test in the course of the issuance of the construction and operation license did not result in any necessity for a Habitats Directive compatibility test to be performed as the activities of OBUK subsidiaries are not expected to result in any negative effects on the local flora and fauna. As the affected portfolio companies have not opened any new sites, a repeat test was not performed this year.

Minimum Protection

Recently, compliance with minimum protection requirements was also reviewed. During the review, in which the previous steps took place at activity level, the minimum-protection requirements were reviewed at company level. In this process, the requirements were reviewed both at holding-company level and at the level of the affected portfolio companies. As the legal acts relating to minimum protection have not been particularly precise to date, essentially the “Final Report on Minimum Safeguards” published by the EU advisory body Platform on Sustainable Finance (PSF) from October 2022 was used as a guideline.

As required in the report, there is a human rights due diligence process. In this context, INDUS has for example published a statement on observing human rights, signed by the entire Board of Management, and offers both internal and external parties an easily accessible way of submitting complaints in the form of the “SpeakUp” whistleblower system. As required in the PSF report, there is an anticorruption process, processes for compliance with tax regulations, and monitoring of the associated risks as well as processes for adhering with fair competition. In addition there is a possibility of convictions arising from breaches of human rights, corruption, tax and competition law. Regular dialog with stakeholders is also ensured. This is effected in particular, but not exclusively, by ensuring that stakeholder dialog coming from an OECD National Contact Point is never rejected, and accusations from the Business and Human Rights Resource Center are never left unanswered. There is an increasing focus on risks in the supply chain, not least in the course of the German Supply Chain Act, and these risks have been considered to a greater extent in 2023. In the course of this, for example, a piece of software for fulfillment of German Supply Chain Act requirements was introduced in 2023 and rolled out Group-wide. In addition, the INDUS Supplier Code is increasingly applied. In the course of this year’s taxonomy reporting, the company’s top 10 suppliers with compliant activities were also considered in-depth with respect to the subjects of human rights, corruption, tax evasion and competition law.

This found that the INDUS Group complies with the minimum protection to the full extent.

Financial Statement Accounting Standard

The same accounting standards have been used to determine taxonomy KPIs as are used as in the framework of financial reporting.

Due to the restrictive OpEx definition in the EU taxonomy, the taxonomy OpEx in proportion to total OpEx is not relevant and therefore not material for the INDUS business model. We accordingly report a proportion of taxonomy-compliant and respectively taxonomy-eligible economic activities of zero. The respective KPIs result from the division of the sales/CapEx associated with taxonomy-eligible and respectively taxonomy-compliant activities (= numerator) by the respective total values (= denominator). In this way, for example, the sales KPI is created by dividing sustainable net sales – i.e. of sales generated with taxonomy-compliant activities – by the total net sales. OpEx is composed of expenditure for research & development, maintenance for buildings, machines and factory and office equipment, as well as maintenance, basic and advanced training and leasing in accordance with IFRS 16. The items are expense components of the consolidated statement of income, which can be found in the section Consolidated Financial Statements/ Consolidated Income Statement of the Annual Report, and the same applies for the total sales. The CapEx is composed of additions to intangible assets, leasing/rent right-of-use assets and property, plant and equipment, and these can be found in item [22] of the notes to the consolidated financial statements in the Annual Report.. The breakdown of taxonomy-compliant sales and CapEx is set out in the following tables. These are chiefly sales from customer contracts.

BREAKDOWN OF THE SALES NUMERATOR (in EUR million)

Type	Amount	
	2023 FY	2022 FY
Taxonomy-compliant sales from customer contracts (from economic activities 3.5. and 4.16.)	98.75	114.12
Total	98.75	114.12

BREAKDOWN OF THE CAPEX NUMERATOR (in EUR million)

Type	Amount	
	2023 FY	2022 FY
Additions to property, plant and equipment (IAS 16), economic activity 3.5	0.31	0.41
Additions to intangible assets (IAS 38), economic activity 3.5	0.13	0.15
Total	0.44	0.56

Values

Though sustainability is a fundamental value for INDUS, the applicable scope of the taxonomy is limited because the portfolio companies predominantly produce intermediate products, while the taxonomy is focused on end products. We therefore identify the following KPIs (the report sheets for sales/CapEx/OpEx can be found in the Annex on pages 31 et seqq.):

KEY FIGURES ON TAXONOMY COMPLIANCE		
(in EUR million / in %)		
Type	Amount	
	2023 FY	2022 FY
Sales	1,802.43	1,804.11
of which taxonomy-compliant	98.75 / 5.5	114.12 / 6.3
CapEx	82.91	94.19
of which taxonomy-compliant	0.44 / 0.5	0.56 / 0.6

Both OBUK and WIRUS effected investments in FY 2023, though these are not exclusively for taxonomy-compliant or taxonomy-eligible products. At this point, the investment costs were allocated in accordance with the proportion of sales made up by taxonomy-compliant products. This apportionment is fair according to the input involved as taxonomy-eligible products are produced on the same production line as taxonomy-compliant products.

In comparison with the previous year, the proportions of taxonomy-compliant sales and investments each changed by less than 1 percentage point. Taxonomy-eligible sales and investments have increased markedly as other taxonomy-eligible economic activities have been identified.

The report sheets relating to the Complementary Delegated Act have additionally been set out below. As in 2023, no taxonomy-relevant sales and OpEx were accrued in relation to the economic activities set out here; the corresponding report sheets are specified solely with respect to CapEx.

REPORT FORM: PROPORTION OF SALES FROM GOODS OR SERVICES THAT ARE ASSOCIATED WITH TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES – DISCLOSURE FOR THE 2023 YEAR

Financial year 2023	Year	Substantial contribution criteria										DNSH criteria ("Does Not Significantly Harm") (h)							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Proportion of enabling activity (19)	Category transitional activity (20)									
		Code(s) (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Y/N				Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
Economic activities (1)																														
A. TAXONOMY-ELIGIBLE ACTIVITIES																														
A.1 Environmentally sustainable activities (Taxonomy-aligned)																														
CCM 3.5. Manufacture of energy efficiency equipment for buildings	CCM 3.5.	96,966,369	5.38%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	6.23%	E	
CCM 4.16. Installation and operation of electric heat pumps	CCM 4.16.	1,784,801	0.10%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	0.10%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		98,751,170	5.48%	5.48%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6.33%		
Of which Enabling		96,966,369	5.38%	5.38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6.23%	E	
Of which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	0%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																														
					EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)																					
CCM 3.5. Manufacture of energy efficiency equipment for buildings	CCM 3.5.	36,327,417	2.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																				1.51%	
CCM 3.18. Manufacture of automotive and mobility components	CCM 3.18.	13,339,408	0.74%	EL	N/EL	N/EL	N/EL	N/EL	N/EL																				0%	
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2.	82,874,840	4.60%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL																			0%	
CE 5.1. Repair, refurbishment and remanufacturing	CE 5.1.	1,168,435	0.06%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL																			0%	
CE 5.2. Sale of spare parts	CE 5.2.	7,173,614	0.40%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL																			0%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		140,883,714	7.82%	2.76%	0%	0%	0%	5.06%	0%																					
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		239,634,884	13.30%	8.23%	0%	0%	0%	5.06%	0%																					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																														
Turnover of Taxonomy-non-eligible activities (B)		1,562,795,796	86.70%																											
Total (A + B)		1,802,430,680	100%																											

PROPORTION OF TURNOVER/TOTAL TURNOVER (IN %)		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	5.48%	8.23%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	5.06%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

REPORT FORM: CAPEX PROPORTION FROM GOODS OR SERVICES THAT ARE ASSOCIATED WITH TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES – DISCLOSURE FOR THE 2023 YEAR

Financial year 2023	Year	Substantial contribution criteria										DNSH criteria ("Does Not Significantly Harm") (h)						Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Proportion of Taxonomy enabling activity (19)	Category transitional activity (20)	Category (19)
		Codes(s) (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)				
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
CCM 3.5. Manufacture of energy efficiency equipment for buildings	CCM 3.5.	440,304	0.53%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.60%	E			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		440,304	0.53%	0.53%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.60%				
Of which Enabling		440,304	0.53%	0.53%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.60%	E			
Of which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																					
CCM 3.5. Manufacture of energy efficiency equipment for buildings	CCM 3.5.	35,721	0.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.51%				
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2.	2,270,059	2.74%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%				
CCM 4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	88,500	0.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%				
CCM 6.5. Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	6,480,850	7.82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%				
CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4.	49,236	0.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%				
CCM 7.6. Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	1,561,035	1.88%	EL	N/EL	N/EL	N/EL	N/EL	N/EL												
CCM 7.7. Acquisition and ownership of buildings	CCM 7.7.	22,920,681	27.65%	EL	N/EL	N/EL	N/EL	N/EL	N/EL												
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		33,406,082	40.29%	37.55%	0%	0%	0%	2.74%	0%								1.51%				
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		33,846,385	40.82%	38.09%	0%	0%	0%	2.74%	0%								7.83%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
CapEx of Taxonomy-non-eligible activities (B)		49,063,615	59.18%																		
Total (A + B)		82,910,000	100%																		

PROPORTION OF CAPEX/TOTAL CAPEX (IN %)		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.53%	38.09%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	2.74%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

REPORT FORM: OPEX PROPORTION FROM GOODS OR SERVICES THAT ARE ASSOCIATED WITH TAXONOMY-COMPLIANT ECONOMIC ACTIVITIES – DISCLOSURE FOR THE 2023 YEAR

Financial year 2023	Year	Substantial contribution criteria										DNSH criteria ("Does Not Significantly Harm") (h)							Category enabling activity (19)	Category transitional activity (20)
		Code(s) (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum Safeguards (17)	OpEx, year 2022 or eligible (A.2.) (18)		
Economic activities (1)				Y; N; NI EL (b) (c)	Y; N; NI EL (b) (c)	Y; N; NI EL (b) (c)	Y; N; NI EL (b) (c)	Y; N; NI EL (b) (c)	Y; N; NI EL (b) (c)	Y; N; NI EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																	
Of which Enabling		0	0%															E		
Of which Transitional		0	0%																	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																				
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		0	0%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		48,812,188	100%																	
Total (A + B)		48,812,188	100%																	

PROPORTION OF OPEX/TOTAL OPEX (IN %)	
	Taxonomy-aligned per objective
CCM	
CCA	
WTR	
CE	
PPC	
BIO	

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES*
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

* since the activity was only relevant for CapEx in the financial year, only the CapEx-Templates are published

TEMPLATE 2 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaption (CCA)	
		in €	%	in €	%	in €	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	440,304	0.5	440,304	0.5	-	-
8.	Total applicable KPI	440,304	0.5	440,304	0.5	-	-

TEMPLATE 3 TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaption (CCA)	
		in €	%	in €	%	in €	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	-	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	440,304	100.0	440,304	100.0	-	-
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	440,304	100.0	440,304	100.0	-	-

TEMPLATE 4 TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaption (CCA)	
		in €	%	in €	%	in €	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	88,500	0.1	88,500	0.1	-	-
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	31,047,523	37.4	31,047,523	37.4	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	31,136,023	37.6	31,136,023	37.6	-	-

TEMPLATE 5 TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES

Row	Economic activities	in €	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	49,063,615	59.2
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	49,063,615	59.2

Independent Auditor's Limited Assurance Engagement Statement

for Non-Financial Reporting Concerning a Business Audit

In respect of INDUS Holding AG, Bergisch Gladbach, Germany:

We have subjected the separate non-financial Group management report of INDUS Holding AG, Bergisch Gladbach, Germany (hereinafter “the company”) for the period from January 1 to December 31, 2023 (hereinafter the “separate non-financial Group management report”) to a limited assurance statement business audit.

The external documentation sources or expert opinions stated in the separate non-financial Group management report are not the subject of the audit.

Responsibility of the Legal Representatives

The legal representatives of the company are responsible for the preparation of the separate non-financial Group management report in compliance with Sections 315c in conjunction with 289c to 289e German Commercial Code (Handelsgesetzbuch, “HGB”) and Article 8 of the REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL dated June 18, 2020 concerning the establishment of a framework to facilitate sustainable investments and to amend the Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”) and the Delegated Acts issued in this respect as well as with their own interpretation, as set out in the Section “Classification of INDUS economic activities in accordance with the EU Taxonomy Regulation” in the separate non-financial Group management report, of the wordings and terms included in the EU Taxonomy Regulation and the acts issued in this respect.

The responsibility of the company’s legal representatives consists of selecting and applying appropriate methods for preparing the non-financial report and making assumptions and applying estimates regarding individual non-financial disclosures by the Group that are appropriate under the applicable circumstances. In addition, the legal representatives are responsible for the internal checks that they have considered necessary in order to enable the preparation of a separate non-financial Group management report that is free

from material incorrect representations made as a result of fraud (manipulation of the non-financial report) or error.

The EU Taxonomy Regulation and the Delegated Acts issued in this respect contain wordings and terms that are also subject to significant uncertainties in terms of interpretation and for which clarifications have not been published in every case. Therefore, the legal representatives have set out their interpretation of the EU Taxonomy Regulation and the Delegated Acts issued in this respect in the Section “Classification of INDUS Economic Activities in accordance with the EU Taxonomy Regulation” in the separate non-financial Group management report. They are responsible for the justifiableness of this interpretation. Due to the imminent risk that ambiguous legal terms can be differently interpreted, there are uncertainties in connection with the legal compliance of the interpretation.

Independence and Quality Management of the Auditing Firm

We have complied with the German rules of professional conduct in terms of independence as well as other professional requirements in terms of conduct.

Our auditing firm applies uses the national legal regulations and professional statements – in particular the code of professional conduct for auditors and sworn auditors (BS WP/vBP) as well as the IDW Quality Management Standards 1 issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) “Quality management requirements in audit practice” (IDW QMA 1 (September 2022)), which require from the auditing firm that they design, set up and implement a quality management system that complies with the legal and statutory requirements.

Responsibility of the Auditor

It is our responsibility to provide a limited assurance opinion on the separate non-financial Group management report based on the audit we have performed.

We performed our business audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” published by IAASB. In accordance with this, we must plan and implement the audit such that we are able to assess with limited assurance whether matters have become known to us that result in a perception on our part that the company’s separate non-financial Group management report, with the exception of the external documentation sources or expert opinions stated in the separate non-financial Group management report, has been prepared by the legal representatives in a manner that is not, in all material matters, compliant with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued in this respect as well as the interpretation set out in the “Classification of Economic Activities of INDUS in accordance with the EU Taxonomy Regulation” section of the separate non-financial Group management report.

In comparison with a business audit with a reasonable level of assurance, the business audit procedures performed for a limited assurance audit are less comprehensive, which leads to a considerably lower level of assurance being obtained. The auditor is responsible for judging which audit procedures are necessary.

Our audit included but was not limited to the following audit procedures and other activities:

- Creating an understanding of the structure of the Group’s sustainability organization and the inclusion of stakeholders
- Surveying the legal representatives and relevant employees who have been included in the preparation of the separate non-financial Group management report, concerning the report preparation process, the internal control system related to this process, and about disclosures in the separate non-financial Group management report.
- Identification of likely risks of material false disclosures in the separate non-financial Group management report
- Analytical assessment of selected disclosures in the separate non-financial Group management report
- Comparison of selected disclosures with the corresponding data in the consolidated financial statements and Group management report
- Assessment of the representation of the separate non-financial Group management report
- Assessment of the process for identifying the taxonomy-eligible and taxonomy-compliant economic activities and the corresponding disclosures in the separate non-financial Group management report.
- Assessment of the CO₂ compensation certificates exclusively in terms of their existence, but not in terms of their effect

In the determination of the disclosures pursuant to Article 8 of the EU Taxonomy Regulation, the legal representatives must interpret ambiguous legal terms. Due to the imminent risk that ambiguous legal terms can be differently interpreted, there are uncertainties associated with the legal compliance of the interpretation and accordingly our audit in this respect.

Auditor's Opinion

On the basis of the audit procedures performed and audit evidence obtained, no matters have come to our attention that result in a perception on our part that the company's separate non-financial Group management report for the period from January 1 to December 31, 2023 has been prepared by the legal representatives in a manner that is not, in all material matters, compliant with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued in this respect as well as the interpretation set out in the "Classification of INDUS Economic Activities in accordance with the EU Taxonomy Regulation" section of the separate non-financial Group management report. We do not provide an opinion on the external documentation sources or expert opinions stated in the separate non-financial Group management report.

Restriction of Use for the Statement

We make reference to the fact that the audit was performed for the purposes of the company and the statement is only intended for informing the company about the result of the audit. As a result, it may not be suitable for purposes other than that named above. As such the statement is not intended as a basis for third parties to make (investment) decisions on. Our responsibility is solely to the company. We take no responsibility with respect to third parties. Our opinion is not modified in this respect.

Cologne, March 13, 2024

PricewaterhouseCoopers GmbH
Audit firm

Achim Lienau
Auditor

Theres Schäfer
Auditor

