

02

**NON-FINANCIAL
REPORT**

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Non-financial Report

This report is geared to the recommendations of the German Sustainability Code. The full application of national and international frameworks on sustainability reporting has been avoided. Since the 2017 financial year, INDUS Holding AG has reported on its general business model in accordance with the CSR Directive Implementation Act (CSR-RLUG) in the annual report's management report as well as providing dedicated information on the relevant thematic sustainability aspects (ESG: environmental, social, governance) in the 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 is only achievable by reconciling economically, socially and ecologically sustainable activities.

INDUS Holding AG (also known hereafter as INDUS) specializes in acquiring SMEs and accompanying them in their long-term development, without a specific exit perspective. 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 31 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 four 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 important companies, INDUS and the portfolio companies are aware of how important the local environment is. For the INDUS Group, sustainability means a long-term balance between economic, social, and environmental objectives. [To the INDUS sustainability magazine: www.indus.de/en/sustainability](http://www.indus.de/en/sustainability)

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, the legal and content-related

topics from the ESG field are part of the strategic sparring between the Board of Management and the portfolio companies' managing directors. The Board of Management of INDUS Holding AG is responsible for all the central management systems. They include the compliance management system, the organizational responsibility for all decentralized system and process elements, and organizational responsibility for all relevant sustainability aspects, such as respect for human rights. A component has therefore been integrated into INDUS Holding AG's compensation system for the Board of Management as part of the short-term incentive (STI) for progress in sustainability aspects. [See Compensation Report](#) 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. EU Regulation 2020/852 (Taxonomy Regulation) and the related delegated acts of June 22, 2021 and July 7, 2021 apply for the first time in financial year 2021 to the disclosure of sales, operating and capital expenditure qualifying for the taxonomy.

The tightening of legal requirements reflects not only the increased public awareness of the significance of ESG aspects but also the reality of the progression of global warming and the increased danger of failure to meet the objectives of international agreements. Due to the trend in global warming, INDUS considers significant weather events such as heat waves and severe storms likely to occur. The companies of the INDUS Group are covered in this respect by relevant insurance policies against natural disasters and business interruptions.

Environmental protection and energy efficiency are relevant in all manufacturing industries, and will remain important issues in the future. Energy prices and environmental standards will continue to rise over the long term. 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 fully. For this reason, INDUS expects investment in sustainable and energy-efficient production processes to increase. INDUS believes this will result in promising opportunities, particularly for companies in the Automotive Technology, Engineering, and Metals Technology segments in the medium term.

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 due to the INDUS Group's high level of diversification in terms of locations, selling markets, and fields of business. The portfolio companies' products will nevertheless adapt to new requirements and leverage innovation to gain or maintain the best market positions. INDUS Group supports them financially, encourages an early dialog with the portfolio companies' customer base and initiates working groups with participants from several 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 financial holding company INDUS Holding AG also maintains a continuous dialog on sustainability aspects with internal and external stakeholders, such as institutional providers of capital, commercial banks and other capital market participants, in order to be able to respond adequately to the complex challenges. INDUS issued an ESG-linked promissory note loan for EUR 60 million on the basis of its existing ISS ESG prime status rating of C+ for the first time in September 2020. A second ESG-linked promissory note loan with a volume of EUR 56 million was issued on the same basis in November 2022. The ISS ESG rating was maintained at prime status (C+) in financial year 2021.

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 reporting for the financial year under review was also extended to cover the EU Taxonomy Regulation.

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 five **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's action areas derived for INDUS follow the principles accordingly and are supplemented by a sixth **action area**, which clarifies INDUS' particular role as a long-term oriented investor and partner:

- (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, INDUS' derived principles and the sustainability strategy's action areas is explained in the figure below:

CONNECTION BETWEEN INDUS' PRINCIPLES AND THE SUSTAINABILITY STRATEGY'S ACTION AREAS

INDUS' self-image and anchoring in the Code of	UNGC	Action areas					
(i) Continuous and preventive efforts to protect the environment	7-9						
(ii) Fair working conditions characterized by mutual respect	3-6						
(iii) Living up to our social responsibility in our own sphere of influence	3, 6-8	Protection of the environment	Fair work	Social justice	Human rights	Honest business	Shareholder support
(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 completed in financial year 2017 was continued in 2021. Activities focused on sustainability aspects that can significantly affect the company’s performance, its results and the position of the INDUS Group (outside-in) or which are significantly affected by the business activities and relationships of the INDUS Group (inside-out). The identification and definition of the material sustainability aspects in the form of a **materiality analysis** is carried out **methodically** by the combination of the outside-in and inside-and analysis of action areas (i) to (v) at segment and portfolio company level by the Board of Management (top-down) and the portfolio companies’ managing directors (bottom-up). The approximative bottom-up analysis takes place via the regular strategy process using the analysis of opportunities from the individual sustainability strategies and based on the risk analysis in the INDUS Group’s integrated risk management system.

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 the analysis of resulting opportunities and risks. In line with the portfolio companies’ operational independence, it is the portfolio companies’ responsibility to prioritize 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 result from sustainability aspects (outside-in) and are necessary for understanding INDUS Holding AG’s business performance, results of operations, and situation, in addition to risks relating to these sustainability aspects caused by INDUS’ operating activities and business relations (inside-out).

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

To determine the qualifying sales, operating and capital expenditure under the taxonomy, a board of experts was initially set up at the level of the holding company which reviewed all the taxonomy criteria for their potential relevance to one or more portfolio companies. The board of experts at the holding company level has analyzed the eligibility under the Taxonomy Regulation **1. of all economic activities** that could be relevant at all the portfolio companies in the INDUS Group. The use of photovoltaic systems, heat pumps and heat recycling systems were identified as qualifying activities. **2. of the economic activities of particular portfolio companies**, such as the manufacture of energy efficiency equipment for buildings (specifically doors and windows with low thermal transmittance coefficients, i.e. good insulation) or heat pumps.

For the economic activities in 1., all the portfolio companies were surveyed; for the economic activities in 2., the analysis was performed at the level of the portfolio companies. All the research and development expenses were also screened to filter out expenses qualifying for the taxonomy.

The same accounting policies as for the financial reporting were used to determine the non-financial KPI.

The sales specifically included in the calculation of qualifying economic activities under the EU Taxonomy are sales of energy efficiency equipment for buildings (economic activity 3.5), of heat pumps (economic activity 4.16) and of solar photovoltaic technology (economic activity 4.1) if connected to the electricity grid. To calculate the relevant capital expenditure, the companies’ investments in building equipment were extrapolated using the sales share of products qualifying for the taxonomy, and preliminary work for a photovoltaic system was also included.

The operating expenditure qualifying for the taxonomy was less than EUR 1 million and so is not described as material. The operating costs qualifying for the taxonomy were so low in 2021 because most of the systems operated are low-maintenance.

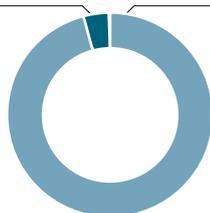
The installation of several photovoltaic systems is planned for financial year 2022, so the capital expenditure qualifying for the taxonomy will be higher. The requirements of the EU Taxonomy for the capex plans are currently still under review.

AMOUNTS OF TAXONOMY-QUALIFYING SALES AND INVESTMENTS

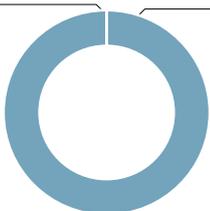
(in EUR)

of which eligible for EU Taxonomy –
72,211,577 / 4.15%

Sales – 1,741,470,259

of which eligible for EU Taxonomy –
338,814 / 0.45%

Investments – 75,598,000



Value Drivers of ESG Initiatives

Four value drivers of ESG initiatives that are of particular significance for the INDUS Group are addressed in particular in the strategic sparring. INDUS offers methodological and financial support to the portfolio companies for all four value drivers. There is no change in the value drivers compared with 2020:

1. SALES OPPORTUNITIES

New “green” products and processes may bring about an increase in sales or offset an impending loss of sales. A differentiating feature could, for example, be the use of renewable raw materials in the current product range or the use of a new technology that minimizes resource consumption during the product’s service life. The portfolio companies are provided support through the activities of the PARKOUR strategy program’s strategic initiative, “Driving Innovation.”

2. EFFICIENCY INCREASES

Careful use of staff and resources can increase the organization’s efficiency and thus generate a positive cost-saving effect or offset other cost increases. INDUS supports increases in efficiency in production in the PARKOUR strategy program’s “Improving Performance” strategic initiative. INDUS also supports the portfolio companies with efficiency-increasing investments and in the innovation process. On the personnel side, expanding the range of professional training courses improves staff performance and also increases loyalty to the Group.

3. ENTREPRENEURIAL VISION

Our precautionary and careful approach to the environment and the workforce drastically reduces the risk that regulatory changes will result in a negative impact for which the Group is not prepared. The INDUS Code of Conduct, which the portfolio companies take from the holding company, is central to this.

4. OPTIMIZED INVESTMENT DECISIONS

Taking environmental aspects into account in investment decisions makes it possible to better assess the costs over the total life of an investment. In order to support the portfolio companies, INDUS has developed the concept of the sustainability development bank. INDUS will use it starting in financial year 2022 to subsidize the portfolio companies’ investments with effect on net income with up to 80% of the total amount of the investment. The decision-making criteria are the effective reduction of greenhouse gas emissions or the material saving of resources (e.g. water).

In addition, INDUS factors in possible sustainability risks when assessing potential acquisition targets. Significant sustainability risks or important negative sustainability criteria are criteria for exclusion. INDUS has therefore ruled out the acquisition of companies in the arms, alcohol and entertainment industries, as well as companies whose business activities include the extraction of fossil fuels. The acquisition process also examines whether any “do-no-significant-harm” criteria within the meaning of the EU Taxonomy are met and whether the companies can adapt to INDUS’ requirements, e.g. in terms of sustainability reporting.

ESG KPIs and Materiality Analysis of the INDUS Group’s Action Areas

The INDUS portfolio’s high level of diversification and the operational independence of the portfolio companies means that the portfolio companies develop projects that accordingly contribute to the value drivers of the ESG initiatives. In order to honor the independence of the portfolio companies, INDUS only issues **Group-wide quantitative targets for such ESG aspects in the form of key performance indicators (KPIs)** that are identified in the materiality analysis as relevant and material for the Group. Other key performance indicators are determined, but primarily serve to track the Group’s development and are **not equipped with a concrete quantified target (PI: performance indicator)**. The PARKOUR strategy program includes significant growth by 2025. Ongoing changes in the scope of consolidation due to acquisitions should therefore be expected in the next few years. INDUS therefore generally uses **intensity targets** per million euros of gross added value (GAV) or, in relation to the size of the workforce, per full-time equivalent

(FTE) for the ESG KPIs. **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. A detailed analysis and documentation of how the KPI are prepared can be found in the Non-financial Report 2020.

(i) Protecting the environment

Within this action area, six specific environmental targets can fundamentally be differentiated from each other. The six environmental targets are “climate protection,” “adaptation to climate change,” “circular economy,” “avoidance of pollution,” “protection of biodiversity,” and “water protection.”

INDUS follows the environmental targets “avoidance of pollution,” “biodiversity,” and “water protection” in the context of applicable transnational standards because the companies in the INDUS Group are not exceptionally harmful. The waste the INDUS Group’s operating business produces is in general not particularly toxic and is disposed of in a manner typical for the industry. Nevertheless, INDUS wants to keep the recycling rate for all waste as high as possible (PI: PE09-Rec), minimize the waste volume in relation to the Group’s gross added value (PI: PE10-Was), and use local water resources sparingly (PI: PE11-WW).

INDUS focuses particularly on minimizing direct GHG emissions (Scope 1+2). There are basically two levers for the INDUS Group to reduce its GHG emissions (Scope 1+2). One is to use low-emission sources of energy and the other is to increase energy efficiency, which is also vital from an economic perspective. INDUS therefore records the greenhouse gas emissions in Scopes 1-3, focuses on reducing greenhouse gas emissions in Scope 1+2 (KPI: PE01-GHG) and seeks to reduce energy use (PI: PE04-E). For information purposes, INDUS also states the greenhouse gas emissions separately, broken down into Scope 1 (PI: PE05-S1), Scope 2 (PI: PE06-S2) and Scope 3 (PI: PE07-S3) emissions and total emissions (PI: PE08-Tot), in each case based on per million euros of gross added value and in each case additionally broken down into holding company emissions and INDUS Group emissions without the holding company.

Scope 1+2 emissions are still a relevant KPI; Scope 3 emissions are not yet considered as such. Material Scope 3 emissions have been measured to date using sales factors, which do not adequately reflect the current price increases, for example. A measurement concept will be devised and the Scope 3 emissions will then be given greater importance.

INDUS additionally reports the proportions of sales (KPI: PE02-SustS) and investments (excluding acquisitions) (KPI: PE03-SustI) of the INDUS Group, which are accounted for by the portfolio companies that follow the INDUS Group’s emission reduction target path.

In summary, it can be concluded that the focus in the (i) “protecting the environment” action area is the “climate protection” environmental target in the form of the reduction of greenhouse gas emissions in Scope 1+2 (KPI: PE01-GHG). That is why in particular the **(2) efficiency increases, (3) entrepreneurial vision, and (4) optimized investment decisions value drivers are relevant** in the (i) “protecting the environment” action area and used among the portfolio companies to identify opportunities.

(ii) Fair work

This action area is of particular importance with regard to the **(2) efficiency increases and (3) entrepreneurial vision** value drivers. 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. The Code of Conduct is currently being revised to comply with all the required criteria, such as the EU Taxonomy.

Preventing all accidents at work (KPI:FW01-WA) and particularly fatal accidents at work (KPI:FW02-FWA) has top priority. As the foundation for organic growth, attracting and keeping qualified staff remains important; in addition we support our employees through professional development and continuing training (PI:FW03-CPD) and the provision of training positions (PI:FW04-Tr) and places for students on dual study courses (PI:FW05-DuSt). The INDUS Group portfolio companies also focus on recruiting their own permanent workforce for the purposes of targeted organic growth (PI:FW06-Perm).

(iii) Social justice

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 thus the absence of legitimate complaints is crucial for this action area (KPI: SJ01-LC). Furthermore, the INDUS Group’s holding com-

panies and INDUS financially support social institutions at local (PI: SJ02-LDon) and national (PI: SJ03-NIDon) level and collaborate with social institutions such as workshops for the disabled (PI: SJ04-Coll). Because the employees of the companies in the INDUS Group frequently live in the immediate vicinity of the business's sites, INDUS also ensures that routines and systems that allow employees to contribute improvement suggestions are implemented – for example, within a continuous improvement process (CIP) – (PI: SJ05-CIP).

(iv) Human rights

Respect for **human rights** is a material aspect of the Code of Conduct for the entire INDUS Group. The INDUS Group's portfolio companies have their main sites in the German-speaking region and benefit from the high 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 in the reporting year was the whistleblowing hotline introduced across the Group. In the year ahead the Group will prepare for the German Act on Due Diligence in the Supply Chain to ensure it complies with all the necessary standards in 2023. None of the INDUS portfolio companies primarily operate in the defense industry or the corresponding value chain.

Within its own immediate area of responsibility, the INDUS Group ensures the complete penetration of the Code of Conduct and the principles of respect for human rights enshrined in it in the Group (KPI: HR01-CoC). The INDUS Code of Conduct dictates exemplary conduct toward employees in general and, specifically, also in terms of remuneration, flexibility, freedom of association, and equal rights. INDUS provides information on the age structure of the INDUS Group's workforce (PI: HR02-AS), on the proportion of women in the total workforce (PI: HR03-FR), and on the proportion of women in management positions (PI: HR04-FM) for information purposes.

(v) Honest business

Respecting the current laws and regulatory framework is at the heart of all the INDUS Group's business activities. It is thus important to avoid misconduct and resulting fines (KPI: EB01-Fin) and non-monetary penalties (KPI: HB02-NmP). INDUS also separately states expenses for lawsuits and action due to anti-competitive behavior and violations of antitrust laws and monopoly legislation (PI: HB04-Comp). Payments must not be made to political parties pursuant to the Code of Conduct (KPI: HB03-Pol). Global markets are increasingly being tapped as part of further internationalization. Gaps in knowledge are tackled through communication within the Group and the support of local experts in order to avoid unintentional misconduct as far as possible. INDUS records the proportion of revenue in countries with increased risk of corruption (PI: HB05-CPI) for information purposes using a very strict threshold of 60 points in Transparency International's Corruption Perception Index to define the relevant countries.

(vi) Shareholder support

Strategic sparring with the portfolio companies is part of day-to-day work for INDUS. In this action area, the focus is therefore 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. INDUS accordingly tracks the penetration of the code in the Group (KPI: HR01-CoC). Because the holding company's greenhouse gas emissions are very low compared to the INDUS Group's production units, INDUS places emphasis on the individual formulation of emission reduction targets in the INDUS Group's portfolio companies (PI: SS01-ET), which are explicitly discussed between managing directors and the Board of Management in the strategy process. INDUS provides methodological and financial support to support target achievement. In order to promote innovation projects in the field of green tech (energy and environmental technology and technologies and products with an improved energy-efficient use profile), via which (1) **sales opportunities** are to be realized, INDUS provides development funds via the innovation development bank and the annual project volume of green tech innovation projects in the development bank (PI: SS02-InnD). The sustainability development bank will provide support in relation to the (4) **optimized investment decisions** value-driver and provide an incentive to take greater account of sustainability criteria when making investment decisions. From the start of subsidization in the 2022 financial year, the annual subsidy volume will then also

be monitored for the first time (**PI: SS03-SustF**). 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 target's business activities are audited for compatibility with INDUS Holding AG's Code of Conduct, occupational health and safety, and the estimated GHG emissions.

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

Greenhouse gas emissions (GHG-e) 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 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 held by the INDUS Group for the entire financial year 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. By applying the criteria for greenhouse gas emissions, the other action areas are also qualitatively covered in the INDUS Group. Overall, the scope of consolidation in the non-financial reporting consequently largely corresponds to the financial scope of consolidation less various units with very low emissions. In addition, new acquisitions and business disposals in the current financial year are not taken into account in the scope of consolidation in non-financial reporting. For all disclosures pursuant to the EU Taxonomy, the scope of consolidation is (necessarily) the same as for the financial reporting. In other words, acquisitions during the course of the year are also included. The gross added value of the "sustainability" scope of consolidation and the financial data for calculating the Scope 3 emissions are calculated on the basis of the unconsolidated statement of income under IFRS of the individual companies in the scope of consolidation. Compared with the 2020 financial year, in the 2021 financial year Jungmann Systemtechnik GmbH & Co. KG was therefore taken into account for sustainability data collection for the first time. The discontinuation of BACHER AG in Switzerland and the disposal of the WIESAUPLAST Group meant that these companies are not included in the scope of consolidation

when collecting sustainability data. They are still included in the data for the EU Taxonomy, however.

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 emitted in material quantities in the INDUS Group's production processes. The greenhouse gases are translated into CO₂ equivalents (CO₂eq) and exclusively used in this form for the discussion 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 set off against corresponding emission factors on the basis of the activity data collected. Due to the diversity of the INDUS Group and its frequently assumed position in the middle of the value chain, a similar procedure for the emissions in Scope 3 would be disproportionate, meaning that 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. This financial data is offset against sales-based emission factors, which have been calculated on the basis of the information in the current sustainability reports from companies that have in each case been selected to be representative of various industrial segments of customers and suppliers, such as metal products, plastic & synthetic resins, or iron & steel. 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.

Targets and Time Horizon of the ESG KPIs

INDUS differentiates short-term targets with a target year of 2025 from medium-term targets (2030) and long-term targets (2045) with regard to the time horizon. 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 by 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 accurately represented in this way. The reduction targets are

also net targets. The purchase of emission offsetting certificates must always be seen as a possible additional measure and does not replace the sustainability initiatives in the Group. The greenhouse gas emissions offset by emissions certificates are reported separately in the tables of key figures at the end of the non-financial report. The 2018 financial

year is used as the base year for the reduction targets. The basis of the emission reduction targets is the sector target for the “industry” sector of the German Climate Change Act.

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
	GHG emissions (Scope 1+2)*	PE01-GHG	t CO ₂ eq/million EUR GAV	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
Protecting the environment	Percentage of investments accounted for by portfolio companies in line with the target	PE03-SustS	%	-	100	100	100
	Work accidents	FW01-WA	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	% of FTE	100			continuously 100
	Monetary value of significant fines	EB01-Fin	in EUR '000	0			continuously 0
	Total number of non-monetary penalties	HB02-NmP	Number	0			continuously 0
Honest business	Payments to political parties	HB03-Pol	% of GAV	0			continuously 0

* 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, see INDUS Holding AG's 2019 non-financial report). The other information on emission intensity in the PE01-GHG KPI refers to net emission 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 emission path of 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 emission 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 emission reduction path according to the INDUS target for 2025 prescribes or (b) it has been possible to reduce the portfolio company's emission 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:

REQUIREMENTS FOR THE PORTFOLIO COMPANIES MEETING THE EMISSIONS TARGET

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

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 “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 (vi) “shareholder support.” The target achievement is compared with the short-term targets in the 2025 target year.

The INDUS Group’s non-financial report and the reported key performance indicators (KPIs) were reviewed by the external auditors Ebner Stolz.  The note regarding auditing services for the non-financial report can be found on p. 150 et seq.

Action Areas in the 2021 Financial Year

A whistleblowing system was set up for the entire Group in financial year 2021. It enables internal and external whistleblowers to report suspected breaches of the Code of Conduct, environmental, employee or social issues. Information is addressed to the holding company anonymously, where all reports are followed up. Topics are then forwarded on a case-to-case basis to the companies concerned for processing.

Environmental issues | Protecting the environment

GOALS

In order to protect and preserve the environment, the INDUS Group is working at an increased pace to reduce its greenhouse gas footprint. As an intermediate target, emission intensity is to 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 have no GHG emissions by 2045.

A key value-driver here is the resource efficiency of the production units of the INDUS Group. The INDUS Group will 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%.

As part of the resource efficiency objective, INDUS also observes the energy intensity, waste intensity, recycling ratio, and total water withdrawal intensity.

MEASURES

Since electricity purchased by the INDUS Group accounts for a large share of emissions, most of the measures planned and taken were to economize on electricity. In particular, some portfolio companies are switching to purchasing green power and other portfolio companies are reviewing these measures and the partial conversion of the fleet to hybrid and electric vehicles. Photovoltaic systems make a key contribution to reducing the GHG-e of the portfolio companies. Some portfolio companies already have solar panels on their buildings and others are reviewing or planning their installation. Some lighting has already been switched to LED and more will follow.

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 addition, INDUS developed the concept of the sustainability development bank in the 2020 financial year. This will provide development funds of up to EUR 10 million per year from the 2022 financial year to financially support the portfolio companies with suitable projects that are expected to significantly reduce greenhouse gas emissions and conserve resources.

When checking possible new acquisitions, market opportunities are analyzed and market developments are forecast, taking account of relevant future trends, which may also include green tech. Ensuring compliance with statutory and regulatory environmental requirements is also a relevant component of the due diligence process. For targets whose business and production processes are expected to have a greenhouse gas emission intensity greater than the INDUS average, the aspects of the “protecting the environment” action area are audited separately.

THE 2021 FINANCIAL YEAR

The development of the key figures for the “protecting the environment” action area in the 2021 financial year is summarized in the table below:

KEY FIGURES FROM THE “PROTECTING THE ENVIRONMENT” ACTION AREA

Key figure	Unit	2018 (base year)	2020	2021	2025 (target year)	
GHG emissions (Scope 1+2)*	PE01-GHG	t CO₂eq/million EUR GAV	113	102 (-10%)	94 (-17%)	73 (-35%) KPI ¹
GHG emissions (Scope 1+2) (gross)		t CO ₂ eq/million EUR GAV	113	104	96	
GHG emissions (Scope 1+2)		t CO ₂ eq	79,586	65,910	66,623	
of which INDUS holding company		t CO ₂ eq	161	128	125	
Percentage of sales accounted for by portfolio companies in line with the target	PE02-SustS	%	55.6	83.3	69.7	100 KPI ¹
Percentage of investments accounted for by portfolio companies in line with the target	PE03-SustS	%	40.1	77.8	58.6	100 KPI ¹
Energy intensity	PE04-E	MWh/million EUR GAV	323	331	295	reduce PI ²
from renewable energy sources		%	1.1	3.0	4.9	
from renewable energy sources		MWh	2,461	6,382	10,031	
GHG emissions (Scope 1)	PE05-S1	t CO ₂ eq/million EUR GAV	30	30	27	reduce PI ²
GHG emissions (Scope 1)		t CO ₂ eq	21,323	19,209	19,077	
of which INDUS holding company		t CO ₂ eq	161	128	125	
GHG emissions (Scope 2, market-based)	PE06-S2	t CO ₂ eq/million EUR GAV	83	73	68	reduce PI ²
GHG emissions (Scope 2, market-based)		t CO ₂ eq	58,264	46,701	47,547	
of which INDUS holding company		t CO ₂ eq	0	0	0	
GHG emissions (Scope 2, location-based)		t CO ₂ eq/million EUR GAV	85	82	77	
GHG emissions (Scope 2, location-based)		t CO ₂ eq	59,711	52,293	53,500	
of which INDUS holding company		t CO ₂ eq	51	58	60	
GHG emissions (Scope 3) ³	SU07-S3	t CO ₂ eq/million EUR GAV	1,647	1,615	1,665	PI ²
GHG emissions (Scope 3) ³		t CO ₂ eq	1,162,786	1,028,308	1,160,249	
of which INDUS holding company		t CO ₂ eq	609	361	345	
GHG emissions (Scope 1-3) ³	PE08-Tot	t CO ₂ eq/million EUR GAV	1,758	1,719	1,760	PI ²
GHG emissions (Scope 1-3) ³		t CO ₂ eq	1,242,372	1,094,218	1,226,872	
of which INDUS holding company		t CO ₂ eq	770	489	469	
Emission offsetting		t CO ₂ eq	703	1,179	2,178	
Recycling ratio	PE09-Rec	%	58.9	65.3	63.7	increase PI ²
Waste intensity	PE10-Was	t/million EUR GAV	22.7	22.0	20.4	reduce PI ²
Total water withdrawal intensity	PE11-WE	m ³ /million EUR GAV	937	1,078	984	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 emission intensity in the PE01-GHG KPI refers to net emission intensity. All other information on greenhouse gas emissions in the table refers to gross emissions.

¹ KPI: Quantified performance indicator subject to review by the auditor.

² PI: Performance indicator without quantitative target. The performance indicator was not part of the review by the auditor.

³ The greenhouse gas emissions in Scope 3 were recalculated in line with the information on calculating the greenhouse gas emissions for 2018 and 2019.

Fortunately, sales and gross value added increased again in 2021; gross value added by nearly 10%. Scope 1+2 emissions

only went up comparatively slowly (+1%), so the emissions intensity (PE01-GHG) was positive and was 17% below

the base figure from 2018 at 94 t CO₂eq/m EUR GAV. EUR GAV is now 17% under the base figure from 2018. Energy intensity was reduced by 11% (**PE04-E**) particularly thanks to production efficiency increases from modifying processes. The sale of WIESAUPLAST also had an effect: as an energy-intensive, high-emissions company it accounted for 9% of the Group's absolute Scope 1+2 emissions the previous year; without WIESAUPLAST the emissions intensity – in 2020 (Scope 1+2 t CO₂eq/million euros gross value added) would have been 7% lower. Energy intensity would also have been 5% 2020 without WIESAUPLAST.

The percentage of sales and investments accounted for by portfolio companies in line with the target (**PE02-SustS and PE02-SustI**) fell for the first time, because some portfolio companies that were previously within the target range could not meet the higher emissions reduction rates required in 2021. Scope 3 emissions are largely calculated on the basis of purchased raw materials, consumables, and supplies. These goods for resale increased by 13% and Scope 3 emissions by 12%. The ratio of Scope 3 emissions to gross value added (**PE07-S3**) went up by 3%. More emissions were again offset in the financial year, with INDUS setting a new record of 2,178 t CO₂eq. Some portfolio companies compensate their Scope 1+2 emissions, others those of their vehicle fleet. INDUS Holding also offsets all its Scope 3 emissions. Waste intensity (**PE10-Was**) and total water intensity (**PE11-WW**) were both reduced. The recycling ratio (**PE09-Rec**) fell slightly by 1.6%, due to the one-off disposal of special waste in the financial year.

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 added value, 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. INDUS also monitors the development and training expenditure incurred and the number of trainees and employees who are studying part-time.

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 corresponding employee training in some cases. Continuing education plans are determined individually in dialog between managers and employees.

Initiatives to ensure the well-being of employees are expressly welcomed – for example, in the form of training company health and safety officers, organizing first-aid training, or individual arrangements for mobile working and flexible hours.

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 2021 FINANCIAL YEAR

The table below shows the development of the key figures for the "fair work" action area in the 2021 financial year:

KEY FIGURES FROM THE "FAIR WORK" ACTION AREA

Key figure	Unit	2018 (base year)	2020	2021	2025 (target year)	
Work accidents	FW01-WA per 100 FTE	3.3	2.1	2.3	<3.0	KPI ¹
Fatal work accidents	FW02-FWA Number	0	0	0	0	KPI ¹
Development expenditure	FW03-CPD EUR/FTE	257	183	196		PI ²
Trainees	FW04-Tr Number	429	407	354		PI ²
Dual study	FW05-DuSt Number	82	75	63		PI ²
Proportion of permanent contracts	FW06-Perm % of total FTE	96.1	97.2	96.2		PI ²

¹ KPI: Quantified performance indicator subject to review by the auditor.

² PI: Performance indicator without quantitative target. The performance indicator was not part of the review by the auditor.

The number of work accidents per 100 FTE (**FW01-WA**) rose slightly, but with 2.3 accidents per 100 FTE was significantly below the target of fewer than 3 accidents per 100 FTE. The proportion of short-time work decreased in 2021, but awareness of health and safety increased, also thanks to the increased hygiene and health measures taken as a result of the pandemic. Development expenditure was roughly the same as the previous year, even though the formats were different due to the pandemic. The number of trainees (**FW04-Tr**) and dual students (**FW05-DuSt**) fell by -14% and -16% respectively, despite efforts to recruit young staff. One reason could be that the portfolio companies are often situated in more rural areas. The number of permanent employees (**FW06-Perm**) was roughly constant at 96%, however.

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 disturbance) and endeavors to avoid these completely. From INDUS' point of view, this contributes to the positive perception of the companies, can have the effect of attracting potential employees, and thus creates long-term value for the Group. The same applies to collaborations and donations in a local or national context. In particular, it should enable the companies' employees to contribute suggestions for suitable projects through a structured suggestions process.

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 new acquisitions 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. INDUS believes that maintaining the integrity of our own conduct and business processes required in the INDUS Code of Conduct ensures that problems in the "social justice" action area are largely avoided. This code is also currently being updated in response to new requirements (e.g. in the EU Taxonomy).

The compensation system for INDUS Holding AG's Board of Management includes a premium for achieving defined ESG targets as part of the short-term incentive (STI).

THE 2021 FINANCIAL YEAR

The development of the key figures for the "Social Justice" action area in the 2021 financial year is summarized in the table below:

KEY FIGURES FROM THE "SOCIAL JUSTICE" ACTION AREA

Key figure	Unit	2018 (base year)		2020	2021	2025 (target year)	
Legitimate local complaints	SJ01-LC	Number	0	0	0	0	KPI ¹
Donations to local social institutions	SJ02-LDon	EUR	280,916	237,341	274,880		PI ²
Donations to other social institutions	SJ03-NIDon	EUR	201,087	74,348	261,867		PI ²
Collaboration with social institutions	SJ04-Coll	% of the INDUS Group	31	29	27		PI ²
Operating suggestions process	SJ05-CIP	% of the INDUS Group	63	72	76		PI ²

¹ KPI: Quantified performance indicator subject to review by the auditor.

² PI: Performance indicator without quantitative target. The performance indicator was not part of the review by the auditor.

There were again no legitimate local complaints (**SJ01-LC**) in financial year 2021, so this target was met in full.

Respect for human rights | Human rights

GOALS

Orientation to and compliance with principles that are set out in the INDUS Code of Conduct are of key importance for INDUS. The Code of Conduct provides, for example, that no business relations may be maintained with customers or suppliers that are publicly known to be in breach of fundamental principles of the INDUS Code of Conduct. One significant point of the INDUS Code of Conduct is the diversity of the workforce – INDUS is convinced that a diverse workforce can promote creativity and productivity and thus make an important contribution to corporate success. 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.

There are no objectives regarding the workforce's age structure or the proportion of female employees in the workforce or in management positions.

MEASURES

The Code of Conduct is given to the local managing directors for implementation in their company immediately after each acquisition is made or when a new site is opened. The Code of Conduct of currently being revised, also to reflect new requirements (e.g. in the EU Taxonomy Regulation). The portfolio companies make use of publicly available information on customers and suppliers to assess business relationships. The absolute majority of INDUS customers and suppliers are also domiciled in regions in which INDUS assumes compliance with high standards of human rights due to the current provisions of law. Breaches of the INDUS Code of Conduct are reported to INDUS Holding's Board of Management as part 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.

In the due diligence process for potential new acquisitions, INDUS audits whether the 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 2021 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)	2020	2021	2025 (target year)	
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	2/16/24/ 24/26/8	2/15/24/ 24/26/9		PI ²
Proportion of women in the workforce	HR03-FR	% of FTE	30.3	30.4	29.5		PI ²
Proportion of women in management positions ⁴	HR04-FM	% of FTE in management positions	15.4	20.3	23.7		PI ²

¹ KPI: Quantified performance indicator subject to review by the auditor.

² PI: Performance indicator without quantitative target. The performance indicator was not part of the review by the auditor.

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

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

All the INDUS Group's employees had the Code of Conduct available to them. The goal of **HR01-CoC** was fully met. Even if the proportion of women in the workforce (**HR03-FR**) declined, the proportion of women in management positions (**HR04-FM**) increased by 3.4 percentage points.

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 significant fines (>EUR 10 thousand) 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 or other markets with 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 states the resulting expenditures for lawsuits and actions due to anticompetitive conduct or breaches of anti-trust or monopoly rules separately from significant fines. To assess the development of key figures as part of ongoing internationalization and against the background 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 has intentionally been set high.

MEASURES

Compliance with legal and regulatory requirements is fundamentally a typical 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 is responsible overall for ensuring that the Group's economic activities are in accordance 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.

A whistleblower system was rolled out across the Group at the beginning of 2021. Internal and external parties can report information (anonymously on request) on unlawful conduct and breaches of the rules of the INDUS Code of Conduct to the INDUS compliance organization for further investigation through the whistleblower system. This information can particularly relate to all the aspects discussed here.

THE 2021 FINANCIAL YEAR

The table below shows the development of the key figures for the "Honest Business" action area in the 2021 financial year:

KEY FIGURES FROM THE "HONEST BUSINESS" ACTION AREA

Key figure	Unit	2018 (base year)	2020	2021	2025 (target year)	
Monetary value of significant fines	EB01-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 % of GAV	0.00	0.00	0.00	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	19.2	19.7		PI ²

¹ KPI: Quantified performance indicator subject to review by the auditor.

² PI: Performance indicator without quantitative target. The performance indicator was not part of the review by the auditor.

No significant fines were imposed on the INDUS Group in the 2021 financial year (**HB01-Fin**), nor were any non-monetary penalties incurred (**HB02-NmP**). As in previous years, 0.00% of the gross added value was spent on payments to political parties (**HB03-Pol**). No legal costs due to

competition violations were payable (**HB04-Comp**). The proportion of sales in countries with an increased risk of corruption (CPI >60) remained at the same level as in previous years (**HB05-CPI**), although the threshold for selecting the countries is deliberately set very high.

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 the topic of ESG, 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 green tech and designing more resource-efficient production processes. A funding pot will be available to the portfolio companies via the sustainability development bank from the 2022 financial year. The 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 – Regulation. For both funding pots, the sums of annual funding granted are monitored and are reported in the sustainability reporting.

MEASURES

As a strategic sparring partner, INDUS Holding provides its portfolio companies with 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 identification and possible measures and also with the assessment of these measures' potential – both from an economic and from a sustainability perspective. Information relating to the topic of sustainability is regularly discussed at the annual entrepreneurs' conference (Unternehmertagung).

In addition to supporting the portfolio companies, INDUS is primarily active in the acquisition of new companies. The targets observed in the due diligence process are compared in terms of compatibility with the sustainability strategy's action areas. In particular, future trends from the ESG topic area are included in the forecast of financial performance for the target and the business areas in which the target operates. This is frequently the case with performance in terms of the future trend of green tech.

THE 2021 FINANCIAL YEAR

The table below shows the development of the key figures for the "Shareholder Support" action area in the 2021 financial year:

KEY FIGURES FROM THE "SHAREHOLDER SUPPORT" ACTION AREA

Key figure	Unit	2018 (base year)	2020	2021	2025 (target year)	
Companies with stated emission reduction goals	SS01-ET	% of the INDUS Group	Recorded from 2020	83	86	PI ¹
The innovation development bank's "green tech" innovation projects	SS02-InnD	Funding in EUR '000	460	502	802	PI ¹
Funding from the sustainability development bank	GB03-NHF	Subsidies in EUR '000		Start in 2022		PI ¹

¹ PI: Performance indicator without quantitative target. The performance indicator was not part of the review by the auditor.

As part of the budget process and strategic sparring, 86% of INDUS Holding AG's portfolio companies adopted emission reduction goals formulated up to the target year 2025 (SS01-ET). The emission intensity of other companies is either already significantly below 96 t CO₂eq/million euros gross value added, or else the companies are in a position in which for various reasons it is difficult to establish and evaluate suitable reduction paths at reasonable expense, so this did not take place in the reporting year. The intention is to complete the process in financial year 2022.

Overview of Key Figures

Action areas	Key figure	Unit	2018	2020	2021	2025	
	GHG emissions (Scope 1+2)*	PE01-GHG t CO ₂ eq/million EUR GAV	113	102 (-10%)	94 (-17%)	73 (-35%)	KPI¹
	GHG emissions (Scope 1+2) (gross)	t CO ₂ eq/million EUR GAV	113	104	96		
	GHG emissions (Scope 1+2)	t CO ₂ eq	79,586	65,910	66,623		
	of which INDUS holding company	t CO ₂ eq	161	128	125		
	Percentage of sales accounted for by portfolio companies in line with the target	PE02- SustS	%	55.6	83.3	69.7	100 KPI¹
	Percentage of investments accounted for by portfolio companies in line with the target	PE03- SustS	%	40.1	77.8	58.6	100 KPI¹
	Energy intensity	PE04-E MWh/million EUR GAV	323	331	295	reduce	PI ²
	from renewable energy sources	%	1.1	3.0	4.9		
	from renewable energy sources	MWh	2,461	6,382	10,031		
	GHG emissions (Scope 1)	PE05-S1 t CO ₂ eq/million EUR GAV	30	30	27	reduce	PI ²
	GHG emissions (Scope 1)	t CO ₂ eq	21,323	19,209	19,077		
	of which INDUS holding company	t CO ₂ eq	161	128	125		
Protecting the environment	GHG emissions (Scope 2, mar- ket-based)	PE06-S2 t CO ₂ eq/million EUR GAV	83	73	68	reduce	PI ²
	GHG emissions (Scope 2, mar- ket-based)	t CO ₂ eq	58,264	46,701	47,547		
	of which INDUS holding company	t CO ₂ eq	0	0	0		
	GHG emissions (Scope 2, location-based)	t CO ₂ eq/million EUR GAV	85	82	77		
	GHG emissions (Scope 2, location-based)	t CO ₂ eq	59,711	52,293	53,500		
	of which INDUS holding company	t CO ₂ eq	51	58	60		
	GHG emissions (Scope 3) ¹	PE07-S3 t CO ₂ eq/million EUR GAV	1,647	1,615	1,665		PI ²
	GHG emissions (Scope 3) ²	t CO ₂ eq	1,162,786	1,028,308	1,160,249		
	of which INDUS holding company	t CO ₂ eq	609	361	345		
	GHG emissions (Scope 1-3) ³	PE08-Tot t CO ₂ eq/million EUR GAV	1,758	1,719	1,760		PI ²
	GHG emissions (Scope 1-3) ³	t CO ₂ eq	1,242,372	1,094,219	1,226,872		
of which INDUS holding company	t CO ₂ eq	770	489	469			
Emission offsetting	t CO ₂ eq	703	1,179	2,178			
Recycling ratio	PE09-Rec %	58.9	65.3	63.7	increase	PI ²	
Waste intensity	PE10-Was t/million EUR GAV	22.7	22.0	20.4	reduce	PI ²	
Total water withdrawal intensity	PE11-WW m ³ /million EUR GAV	937	1,078	984	reduce	PI ²	

Action areas	Key figure	Unit	2018	2020	2021	2025		
Fair work	Work accidents	FW01-WA	per 100 FTE	3.3	2.1	2.3	<3.0	KPI ¹
	Fatal work accidents	FW02-FWA	Number	0	0	0	0	KPI ¹
	Development expenditure	FW03-CPD	EUR/FTE	257	183	196		PI ²
	Trainees	FW04-Tr	Number	429	407	354		PI ²
	Dual study	FW05-DuSt	Number	82	75	63		PI ²
	Proportion of permanent contracts	FW06-Perm	% of total FTE	96.1	97.2	96.2		PI ²
Social justice	Legitimate local complaints	SG01-BB	Number	0	0	0	0	KPI ¹
	Donations to local social institutions	SJ02-LDon	MILLION	280,916	237,341	274,880		PI ²
	Donations to other social institutions	SJ03-NIDon	MILLION	201,087	74,348	261,867		PI ²
	Collaboration with social institutions	SJ04-Coll	% of the INDUS Group	31	29	27		PI ²
	Operating suggestions process	SJ05-CIP	% of the INDUS Group	63	72	76		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 ⁴	HR02-AS	% of FTE aged <20/20-29/30-39/40-49/50-59/≥60	2/18/23/24/26/7	2/16/24/24/26/8	2/15/24/24/26/9		PI ²
	Proportion of women in the workforce	HR03-FR	% of FTE	30.3	30.4	29.5		PI ²
	Proportion of women in management positions ⁵	HR04-FM	% of FTE in management positions	15.4	20.3	23.7		PI ²
Honest business	Monetary value of significant fines	EB01-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	% of GAV	0.00	0.00	0.00	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	19.2	19.7		PI ²
Shareholder support	Companies with stated emission reduction goals	SS01-ET	% of the INDUS Group	Recorded from 2020	83	86		PI ²
	The innovation development bank's "green tech" innovation projects	SS02-InnD	Funding in EUR '000	460	502	802		PI ²
	Funding from the sustainability development bank	SS03-SustF	Subsidies in EUR '000		Start in 2022			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 emission intensity in the PE01-GHG KPI refers to net emission intensity. All other information on greenhouse gas emissions in the table refers to gross emissions.

¹ KPI: Quantified performance indicator subject to review by the auditor.

² PI: Performance indicator without quantitative target. The performance indicator was not part of the review by the auditor.

³ The greenhouse gas emissions in Scope 3 were recalculated in line with the information on calculating the greenhouse gas emissions for 2018 and 2019.

⁴ Percentages are rounded to whole numbers, so slight deviations from 100% are possible.

⁵ Group-wide KPI/definition; does not relate to the requirements of section 76 (4) German Stock Corporation Act (AktG).