

# Tech Solution Provider

IAV Sustainability Report 2022



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# Preface



**Dr. Uwe Horn**  
CEO and Chief Human  
Resources Officer  
IAV GmbH

**Katja Ziegler**  
Chief Financial Officer  
IAV GmbH

Dear Readers,

The automotive industry is currently reinventing itself. The ramping up of e-mobility, the increasing significance of software, the digitalization of vehicle development, as well as the changes within the automotive service world call for openness, courage, and a completely new mindset. What our customers need are strong partners who know what will move tomorrow's world. Partners like us at IAV.

[2-22] What do we learn from the requirements made of future mobility? Sustainable change is not just possible. Sustainable change is also feasible. Admittedly, the current speed is high and the complexity of automotive transformation means the players are faced with massive challenges.

Challenges that we at IAV prefer to see as an opportunity. After all, anyone rigidly delivering support in line with a specification sheet in a highly competitive market environment will eventually fall by the wayside. Our customers expect more from us. This is why we digitalize and automate our development methods, focus on system requirements, take on responsibility for the entire system, and sustainably and efficiently expand our technological expertise, flexibility, and autonomy. And that is exactly what results in added value from us for our customers.

As a tech solution provider we thus no longer see ourselves exclusively as a development partner that reliably works through customer requirements. We use our technological expertise to proactively develop solutions for our customers with system

understanding and integration skills, but also to place our own solutions on the market at a much higher speed.

Acting instead of reacting. This is a change in the policy of our service offering and value proposition that ensures sustainability gains immensely in significance. Every day and in all dimensions: ecologically, economically, and socially.

Sustainability is a fundamental component of our high-tech DNA. We must, we can, and we want to take on responsibility, all over the world, for our developments, our products, and our services. And in doing so, we are not only meeting the expectations of our customers. First and foremost, we are fulfilling our own demand to do what we do in a sustainable way. For our business and our employees, but also for the environment and society.

Find out in the following chapters how we think tech with solutions in a corporate way to be able to shape the future responsibly and sustainably as a provider.

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# 1 | Company profile

[2-6] The IAV Group has been developing innovative concepts and technologies for the mobility of the future since 1983. IAV sees itself as being part of the far-reaching change in automotive value creation. The engineering of IAV continues to prove itself in vehicles all over the world, irrespective of the manufacturer. With 40 years of experience and a high range of competencies, IAV brings together the best of different worlds: the automotive and IT world, hardware and software world, product and service world.

Customer needs are in dynamic change. This is why IAV is changing its focus to suit the growing and increasingly complex requirements. IAV is setting itself a new strategic goal and continuing its development – from an engineering partner to a tech solution provider that creates added value for customers with its own solutions.

As a tech solution provider, IAV sets benchmarks with state-of-the-art development methods and brings technologies all the way to series production. With system understanding and integration skills, IAV proactively anticipates solutions for clients' most pressing problems. The IAV Group develops holistic, premium solutions far beyond the limits of the vehicle. Core competencies include turnkey solutions in all areas of software, vehicle, and powertrain development. In this context, IAV's expertise and the wide range of topics make it possible to leverage synergies and transfer methods and technologies to new industries, such as agriculture and energy.

IAV customers include almost all well-known manufacturers and suppliers all over the world as well as renowned companies from other industries. They expect technological impetus for the future and development services of the very highest standard. This has entailed IAV building up in-depth expertise at an early stage on all the key issues of the future that are

currently occupying the industry on a massive scale, whether e-mobility, connectivity, or automated driving.

Sustainability is firmly anchored in the mission of the tech solution provider: IAV wants to move the world for the better with excellent technological solutions. The values of IAV form the basis; they are a promise to use innovative power for sustainable progress and to actively take responsibility. In this respect, corporate decisions are made taking economic, ecological, and social aspects into consideration.

## 1.1 Corporate structure

[2-1] [2-6] [2-7] [2-8] [2-9] [3-1] With around 7,700 employees in the reporting year 2022, the IAV Group is one of the leading engineering partners to the automotive and mobility industries. The Group's parent company is IAV GmbH Ingenieurgesellschaft Auto und Verkehr, headquartered in Berlin (IAV or IAV GmbH). It alone employed around 7,000 people in 2022. IAV is represented in ten countries worldwide via its six German and seven foreign subsidiaries in Europe, Asia, and North and South America.

IAV GmbH is supported operationally in Germany primarily by its three subsidiaries IAV Fahrzeugsicherheit GmbH & Co. KG, consulting4drive GmbH, and TRE GmbH, which specialize in vehicle safety issues, consulting services relating to new mobility concepts, and chassis issues. CPU 24/7 GmbH was merged into IAV GmbH in the reporting year 2022. IAV provides development services at 15 locations in Germany for the automotive industry and its system suppliers as well as other innovation-oriented industries (e.g., energy supply, water management, agricultural

engineering, and robotics). The focus is on the three development centers in Berlin, Gifhorn, and Chemnitz/Stollberg.

Outside Germany, IAV has subsidiaries in Poland, France, Sweden, China, Japan, and Korea as well as in the USA and Brazil. Strategic networking of the international locations is being consistently pursued within this context.

Of equal importance for securing the company's future is the high quality of its work processes and results. In agreement with the shareholders and the Supervisory Board, qualitative growth is the focus of all efforts made by IAV's management and employees. As the parent company of the Group, IAV GmbH ensures that the company's objectives can be implemented not only in Germany but throughout the IAV Group. To this end, it defines the strategic orientation of the subsidiaries worldwide and monitors its implementation by local management.

IAV GmbH supports its subsidiaries by providing central services such as controlling, accounting, financing, legal, marketing, corporate communications, and IT services across the Group.

IAV GmbH is the Group's main service provider and contributes predominantly to consolidated earnings.

### Key figures IAV Group

	Unit	2020	2021	2022
Total revenues	€ million	923.3	883.4	908.4
Material usage	€ million	66.2	54.0	76.3
Operating profit	€ million	12.4	22.9	24.6
Return on sales	%	0.6	2.5	2.4

### Corporate governance

[2-1] [2-9] [2-10] [2-11] [2-12] [2-13] [2-18] IAV is structured as a group. All companies in the IAV Group are managed and represented locally by independent management teams in accordance with the relevant legal requirements. IAV GmbH is the parent company of the group. The shareholders of IAV GmbH are manufacturers and suppliers from the automotive sector.

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# 1 | Company profile

## IAV GmbH's shareholder structure comprised the following shareholders during the period under review:

Volkswagen AG	50 %
Schaeffler Technologies AG & Co. KG	10 %
SABIC Innovative Plastics B.V.	10 %
Continental Automotive GmbH	10 %
Vitesco Technologies GmbH	10 %
IAV GmbH	10 %

As a limited liability company under German law, IAV GmbH's number of employees means that it has a Supervisory Board with equal representation in addition to the General Meeting of Shareholders and the currently two-member Management Board. The General Meeting of Shareholders and the Management Board are also advised by a voluntarily formed Advisory Board.

## IAV GmbH's management is currently structured as follows:

**Dr. Uwe Horn**  
Chief Executive Officer (CEO) and  
Chief Human Resources Officer (CHRO)

**Katja Ziegler**  
Chief Financial Officer (CFO)

The Management Board ensures the company's ability to act by representing IAV GmbH externally and managing its business. To this end, it maintains regular contact with the company's Supervisory Board and Advisory Board. The Management Board informs the Supervisory Board and the Advisory Board comprehensively about the economic situation and the development of the company in quarterly reports and in the meetings held twice a year.

The Supervisory Board advises the Management Board and monitors its activities. In accordance with the provisions of the German Codetermination Act, the Supervisory Board consists of twelve members, six of whom are elected by the employees and six of whom are delegated by the shareholders. The current Chairman of the Supervisory Board is Dr. Nikolai Ardey.

The last Supervisory Board election took place in fiscal 2018. Under normal circumstances, new elections will take place in fiscal 2023. IAV GmbH's Advisory Board consists exclusively of shareholder representatives and is set up in line with the structure of the shareholder structure. The Advisory Board advises the General Meeting of Shareholders and the Management Board. In particular, its task is to draw up recommendations for IAV's strategic orientation and budget planning.

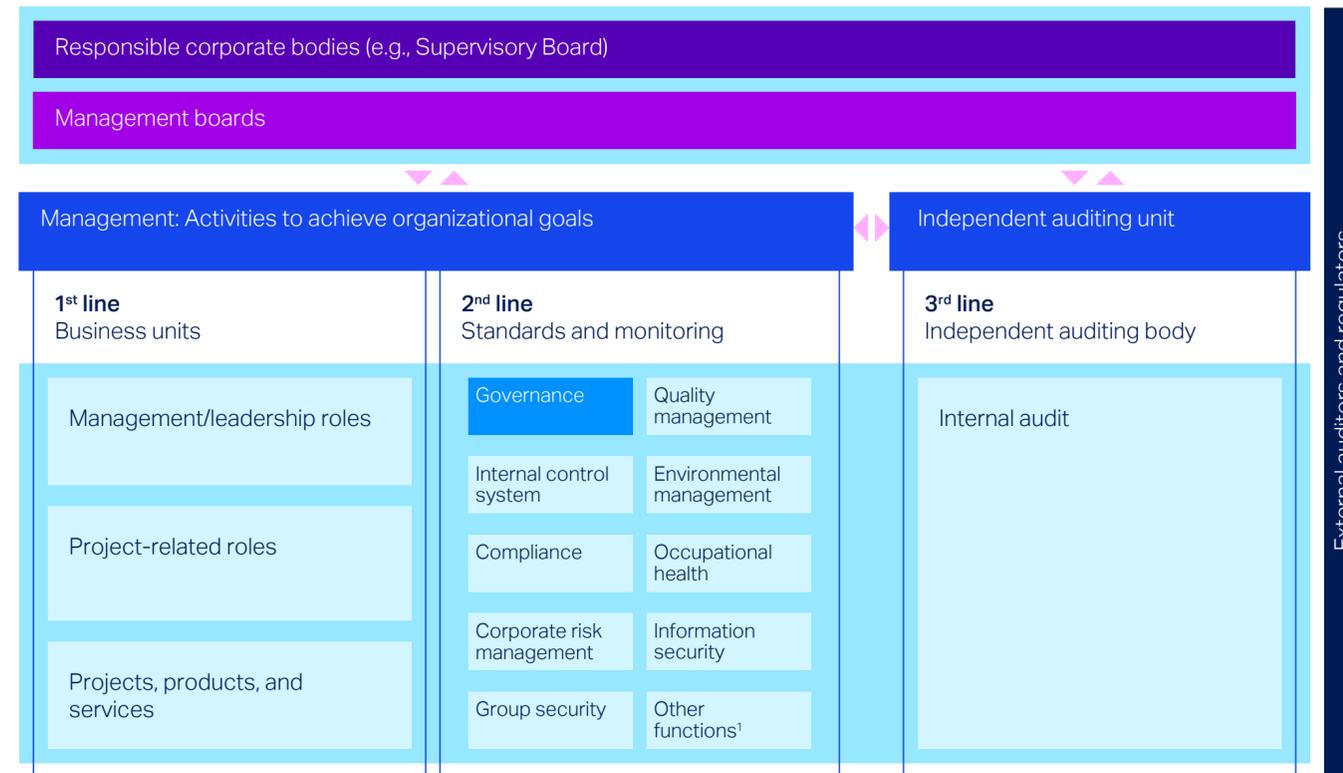
The General Meeting of Shareholders is IAV GmbH's supreme decision-making body, at which the shareholders jointly take key structural and fundamental decisions.

The rights and duties of the aforementioned bodies and the Advisory Board are derived from statutory provisions, IAV GmbH's Articles of Association and the rules of procedure for the Management Board, the Supervisory Board, and the Advisory Board.

## Governance, Risk, and Compliance (GRC)

[2-23] For effective risk management, IAV has had an established systematic management and control framework since 2019 based on the recognized Three Lines of Defense model as what has been called the GRC house.

The further development of internal structures was modeled on the standard of the Institute of Internal Auditors (IIA), with the house being underpinned by three "lines" that act as lines of defense to minimize risks. First and foremost, it is the operational business that takes place. Each



The GRC house

organizational unit identifies and assesses risks as part of its day-to-day work and takes appropriate action.

For this purpose, they can draw on guidelines, manuals, and methods that are developed in the second line (e.g., through compliance and quality management). This second line also supports and monitors compliance with defined standards.

The third line consists of the internal audit function. It operates independently of day-to-day business. Here, an independent and objective view of the entire company takes place in the form of audit inspections. For IAV GmbH, the Management Board is responsible for ensuring that the interplay between the three lines of defense works. And it is required to set an example of responsible behavior in dealing with risks. The Management Board is monitored in its work by the Supervisory Board as the statutory supervisory and advisory body.

In 2022, the interplay of the actors in the three lines was strengthened and the reporting revised at IAV in line with the update of the IIA Three Lines Standard; synergies were leveraged in assessments and the course was set to achieve efficiency gains in the future through an increased level of digitalization.

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# 1 | Company profile

## 1.2 Tech solution provider and change

### More responsibility in mobility transformation

[2-6] IAV looks back on a 40-year success story as an engineering partner. During this time, outstanding technological solutions for automotive manufacturers were developed and numerous innovations for the mobility sector were brought into series production.

Last year, the company repositioned itself to counter the massive challenges faced by the automotive industry and to continue working in partnership with our customers in the future, providing them with impetus and enthusiasm. Our vision of IAV as a tech solution provider is what drives us and ensures our future – sustainably and resiliently.

### What does tech solution provider mean?

**Tech:** We focus on state-of-the-art technologies.

**Solution:** We put concepts and technologies into series production as a whole.

**Provider:** We anticipate our customers' challenges at an early stage.

### Value proposition

Mastering complexity

System understanding

Integration skills

Solution focus

High speed

Digitalized and automated development methods

As a tech solution provider, IAV will, in the future, continue to focus on state-of-the-art technologies, such as AI-based development methods for automating development processes or for predictive maintenance. This is how we will continue to set benchmarks for us and our customers in the future and move the world for the better through technology and engineering. In the process, however, we are climbing the next stage of evolution and are proactively developing from a premium partner to a total solution provider.

As a tech solution provider, IAV brings concepts and technologies to series production. We implement our solutions completely with all approval-relevant functions to the end. In doing so, we courageously assume responsibility for technology even beyond the beginning of series production, thus differentiating ourselves from the competition. We see ourselves as having responsibility and our customers measure us by this. As a tech solution provider, IAV anticipates customers' challenges at an early stage. We detect market potential and offer our own solutions. Our customers expect proactive solution management from us that will help them to optimize their own processes and products, and we meet these expectations responsibly. Today, we are already ensuring clean air and more safety and efficiency in traffic with our passion for technology. Thanks to us, people's mobility will be much improved and they will feel good in tomorrow's world. We want to reinforce this positive impact on the environment and society with our own solutions with which we generate this added value.

### Change as an opportunity

Behind IAV's forward-looking transformation are not only first-class technologies and processes, but the people who make up IAV with their expertise and experience. This is why the sustainable path to becoming a tech solution provider can only ever be successful together with the workforce. In accordance with this principle, IAV has committed to starting a comprehensive change project and implementing it continuously. The goal of the tech solution provider at IAV is to be brought to life with a wide range of programs and methods. Managers play a key role here: With their possibilities of organization, they are a role model for the employees. IAV supports them in this important role with practice-oriented workshop events and individual coaching sessions. The focus of the coaching for managers was to enable them to develop further using our leadership model and to take their employees with them in the change process. A further focus is on all IAV employees, who were provided with all the relevant information at regular tech solution provider road shows and the tech solution provider best practice series. The feedback options and dialog were essential tools for ensuring the flow of information to employees and back to the company. There were a total of ten road shows since the start of 2022, of which four focused on the international sites. The Management Board was prominently represented in every road show with key messages. In break-out sessions and solution workshops, the employees were able to work intensely on the focus topics. There was a wide range of focus topics from long-term further corporate training,

leadership and culture, to business models and future technologies. Despite comprehensive support, transferring the corporate vision to your own everyday routine can be challenging. To counter this challenge, IAV set up a network of 20 specially trained change agents. Change agents are assigned to one sphere of action and can thus purposefully meet the needs and expectations of the employees. They can be characterized by a high willingness to change, a wide network, and extensive knowledge on the strategic development of the organization. The resulting innovative strength and solution orientation are today writing success stories.

This report uses four special highlight projects to show how IAV, as a tech solution provider, is already making ecological, economic, and social value contributions to move the world for the better.

### Tech solution provider – best practices

Responsibility for our business:

IAV Poland

Responsibility for our employees:

Leadership journey

Responsibility for the environment:

IAV Elcty

Responsibility for society:

Digital Lab and WonderVision

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1.3 Purpose and values

[2-13] [2-23] How a company deals with the changes the automotive industry is currently experiencing is also shaped by its culture. It needs clear guard rails to successfully navigate through the changes. Our purpose and our values support us in the process.

Our values

Responsibility – we take responsibility.

Focus on customers – this is what we do. For our customers.

Passion for technology – we embody (and breathe) technology and engineering.

Excellence – we are best in class.

Innovative power – we design and implement ideas.

Personality – we are all IAV.

Partnership – we win together.

Our purpose

“We move the world for the better through technology and engineering.”

Purpose and values are the basis of IAV’s culture. Every single decision must be measured against whether it is in line with the goals, ideals, and corporate culture. In 2022, the focus was on visibly anchoring the purpose and values in the company. To this end, numerous interactive programs were carried out with the employees.

One highlight was the participation in the company-wide tech solution provider road show. Here, an active exchange took place with the employees of IAV on the subject of culture. This was used to draft and implement measures.

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# 2 | Sustainability management

[2-22] [2-12] [2-13] IAV's central objective is to champion economic, ecological, and social aspects. Because: Sustainable value creation contributes towards the company's long-term development. For this reason, the continuous development of sustainability management has been incorporated into IAV's strategic framework.

Overall responsibility for sustainability at IAV lies with the Management Board. It follows the principle of responsible corporate governance in implementing and regularly adapting the management systems in place for the entire company.

To proactively counter the increasing legalization of sustainability, sustainability management was transferred to the Compliance & Integrity department on January 1, 2023. In addition to the holistic embedding of sustainability within the company, the focus will be on the development of an ESG strategy (Environment, Social, Governance).

The IAV Code of Conduct already defines sustainability and environmental protection as an essential behavioral guideline for all employees.

Sustainability is also integrated into other internal guidelines. The GRC organization, as an overarching management and control framework, ensures that it permeates the company.

## 2.1 External sustainability assessments

IAV actively participates in external ratings and rankings in order to present its sustainability performance to clients and investors in a transparent and comprehensible manner. The aim is not merely to meet necessary requirements but to live up to the claim to excellence within this context as well. In addition, the results achieved help to make comparisons with competitors, implement potential for improvement, and identify sustainable trends.

In fiscal 2022, IAV again successfully passed the EcoVadis assessment and confirmed its silver status with a score of 62 points. EcoVadis assesses the sustainability performance of suppliers in global supply chains based on four categories: Environment, Employee and Human Rights, Ethics, and Supplier Management.

## 2.2 Stakeholder engagement

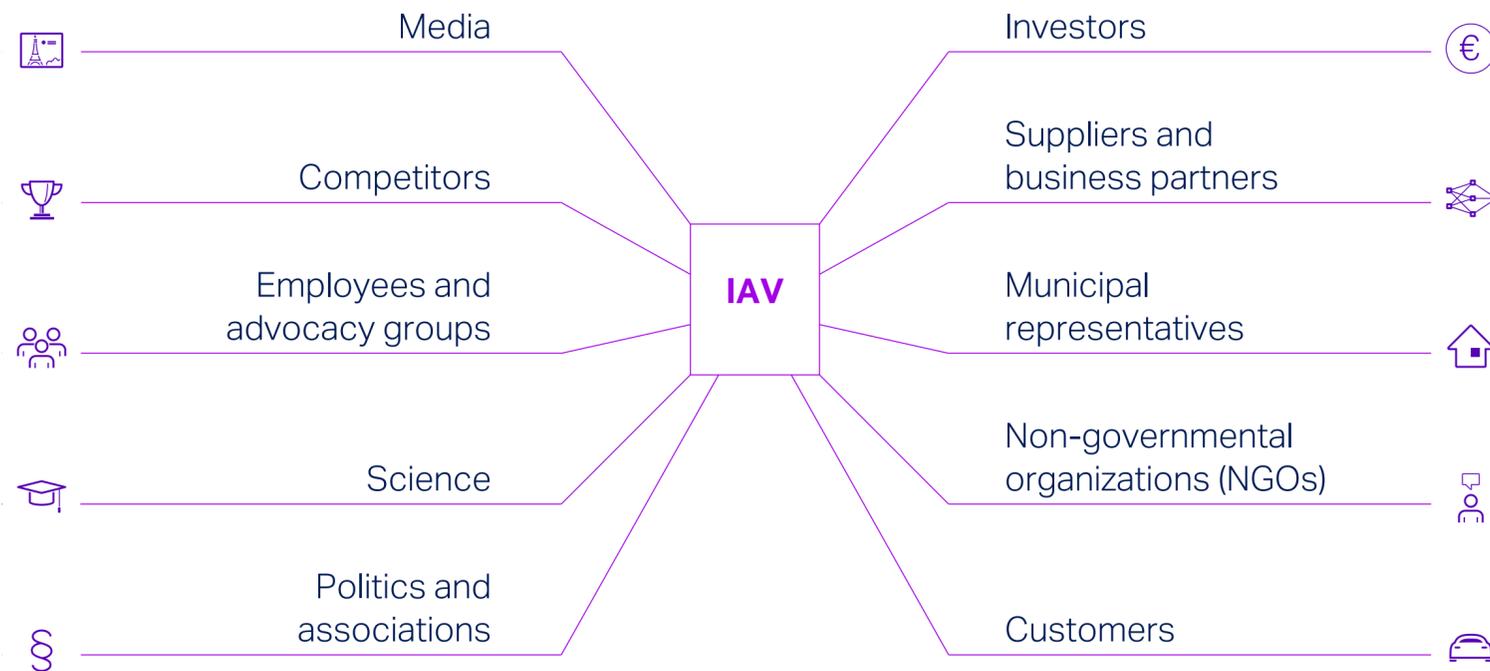
[2-28] [2-29] [3-1] The requirements of internal and external stakeholders are key motivators and important impetus for continuous improvement at IAV. Stakeholders are all individuals, groups, or institutions that influence or are influenced by IAV's business activities. Stakeholder identification and selection is guided by the principles of the stakeholder engagement standard AccountAbility 1000 (AA1000SES).

IAV is in direct and constant exchange with its environment and conscientiously maintains this dialog. An exchange takes place at all levels of the company:

- Key account management in customer projects
- Participation in research projects with government and private partners
- Membership in associations and initiatives

**In fiscal 2022, IAV was a member of, among others, in the following associations:**

- BVL – Bundesvereinigung Logistik e. V.
- BVMW – Bundesverband mittelständische Wirtschaft  
Unternehmerverband Deutschlands e. V.
- Deutsches Verkehrsforum e. V.
- DIN Deutsches Institut für Normung e. V.
- Förderverein Technologiestiftung e. V. (TSB)
- Innovative Vehicle Drives Berlin-Brandenburg
- VBKI Verein Berliner Kaufleute und Industrieller e. V.
- VDA Verband der Automobilindustrie e. V.
- Verband Deutscher Maschinen- und Anlagenbau e. V.



Stakeholders of IAV

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## 2 | Sustainability management

IAV receives a valuable contribution to its strategic, technological, and social orientation through its intensive relationship with its advisory boards. To this end, regular strategy days are held with representatives of key customers and the company's management. Participation in leading technology trade fairs and conferences also provides valuable impetus. IAV also organizes events itself: As a partner of the 12th Future Mobility Summit 2022, organized by the Berlin-based newspaper *Tagesspiegel*, we took part in discussions with eminent speakers from politics, business, the economy, and civil society on how mobility can become simpler, more convenient, and more climate friendly.

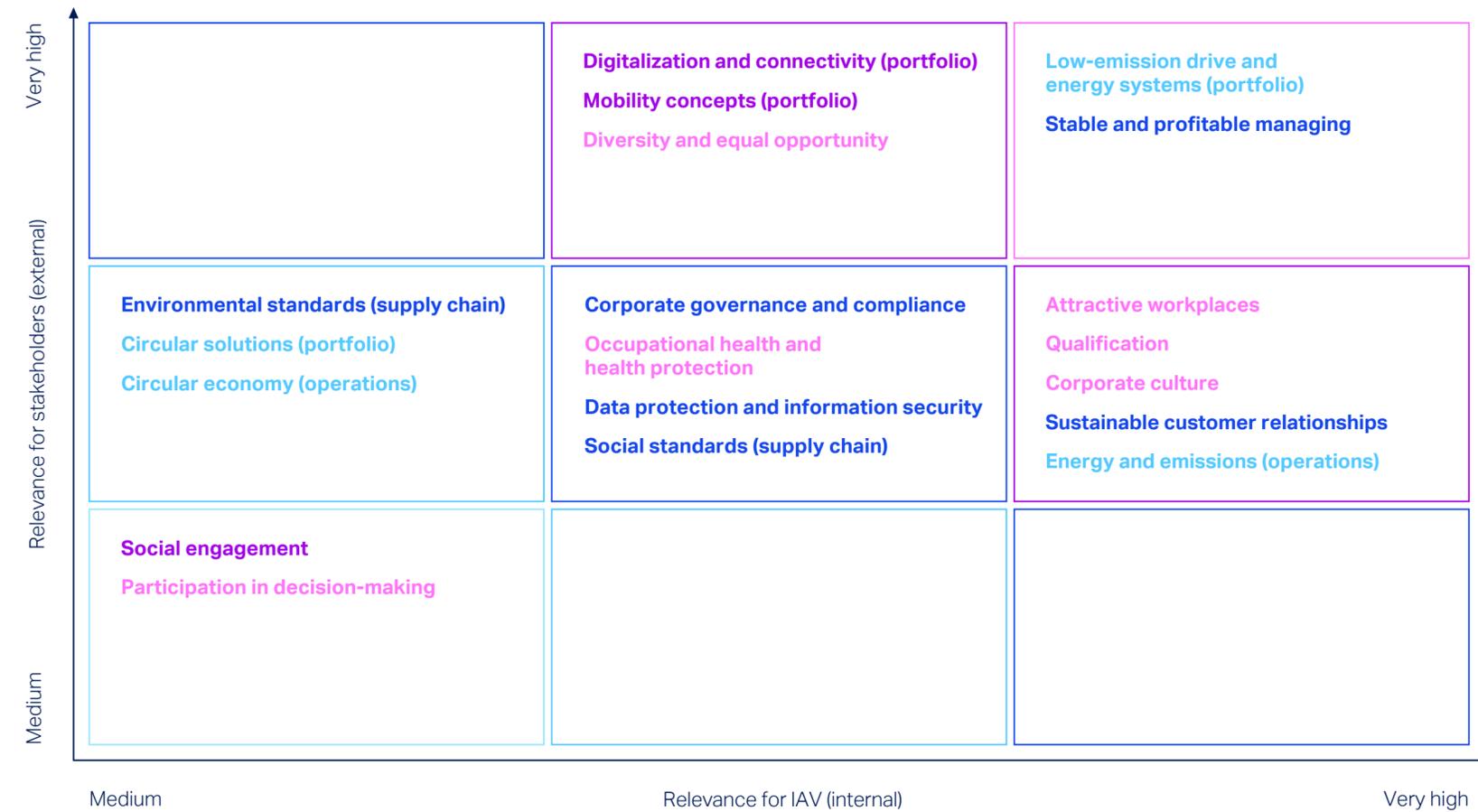
IAV attaches great importance to the active involvement of employees and their representatives in shaping and fulfilling the company's social responsibility. The participation of employees and works council members is part of the corporate culture and provides valuable input. Management regularly informs employees about current developments and the economic situation. Communication takes place, among other things, via the bi-monthly internal newsletter "Driver's Seat" and continuously via the intranet. The management reports on the situation of the company and on challenges it faces at the company meetings held regularly at all operating sites. On these occasions, employees can ask questions directly to the management.

### 2.3 Material topics

[3-1] [3-2] IAV regularly conducts a materiality analysis to ensure that it always meets the most important challenges in an environment characterized by a high degree of dynamism. The materiality analysis is used as a strategic tool to form focal points for sustainability management. In 2022, IAV updated the material topics with the help of internal and external stakeholder perspectives. Since the 2017 reporting year, the multi-stage process has been carried out in accordance with the requirements of the Global Reporting Initiative (GRI). The principles of stakeholder engagement, sustainability context, materiality, and completeness are observed. The result is presented in the form of a matrix.

In a first step, internal and external sources were evaluated as part of an analysis of the environment and significant sustainability topics were defined. The topics were then prioritized on the basis of two dimensions: Relevance for external stakeholders and relevance for internal stakeholders. The prioritization was carried out by means of a survey of internal experts from all functional areas who are in contact with relevant stakeholders. Finally, the final results were validated by the management. The results are used to derive strategic initiatives and shape the structure of this sustainability report.

Core issues: Responsibility for our **business**, for our **employees**, for the **environment**, and for **society**



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# 3 | Responsibility for our business

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## IAV Poland

Sustainable resources for increasing efficiency.

Google, Microsoft, and co: Global tech players are heading for Eastern Europe. Or to be more precise: Poland. Because Silicon Polska is at the heart of Europe's digital transformation. Young, open, dynamic – and with a palpable desire to move the world.

For IAV, the ideal location for expanding its international commitment. The goal: More resources, more value creation, more IAV.

Witamy IAV Polska!

From 0 to 100 in Polish: The subsidiary founded just in December 2022, IAV Poland, certainly has its hands full. Creating structures and networks, gaining partners and employees – quite simply, getting the business up and running. The process is clear, the timing perfect.

Because Poland is booming. Particularly the metropolitan region around Wrocław, which is only around 200 kilometers from the German border, is today one of the central hotspots for technology and digitalization in Europe, and is even seen internationally as a leading tech innovator, particularly for the automotive and transport industry.

The tech scene confidently claims that the code for digital transformation is being written in Silicon Polska, a melting pot of people with a pronounced start-up mentality, who enthuse about innovations and pursue them passionately.

Which also generates an economic exclamation mark: As the sixth largest economy in the EU and the largest in Eastern Europe, Poland even succeeded in increasing its gross domestic product by almost 6 % in the crisis year 2021. This remarkable economic performance can be particularly attributed to agile tech companies, which benefit from a stable and fast-growing IT ecosystem.

Wroclaw, Poland

### Tech talents for securing the future

But not alone, because the real pace is made by young, extremely well-trained professionals. The Nasdaq even talks of Europe's largest tech talent pool and means nothing more than a new, "hungry" generation of digital natives and highly-qualified STEM graduates who can do a lot and want everything. Now, straight away, and immediately.

And this is exactly what IAV is aiming for at its two new sites in Wrocław and Opole: Securing the resources of the future and thus making a significant value proposition at the same time. In Poland. At IAV Global. With services for ongoing and future projects.

Whether programming for autonomous driving, testing for battery development, or project management and support for vehicle development: In accordance with specific requirements, IAV identifies and defines what are referred to as technical clusters for which the Polish subsidiary creates, trains, and qualifies adequate teams. Teams with an international profile and a long-term perspective.

Because alongside expertise and creativity, innovative tech solutions require a lot of experience. And that takes time, even in the dynamic Silicon Polska. Challenges therefore increase in stages, according to the approach taken by the company's HR development. After one to two years, the teams also independently take on work packages with complex tasks.

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# 3 | Responsibility for our business



## In profile: IAV Poland

For its first address in Poland, the new subsidiary chose the first address in the European tech scene – Silicon Polska, Poland’s Silicon Valley.

### Locations

Wrocław with around 680,000 inhabitants and Opole with around 130,000 inhabitants as well as with a total of around 140,000 students at both locations

### Team

By the end of 2025: around 300 employees

### Portfolio

Services IAV Global currently requires and will require in the future

### Language

English

### Wow!

Poland is the largest European parts supplier to automotive manufacturers worldwide.



Opole, Poland

## High-tech DNA as recruitment engine

The demand is certainly immense. Even today. If everything goes according to plan, IAV Poland will have around 300 new employees on the payroll by the end of 2025. The recruitment engine is therefore switching to turbo just after getting started. Alongside customers and partners from the region, IAV also directly approaches renowned educational institutions, colleges, and universities. Networks build bridges.

The good news: IAV is attractive, particularly as an employer. That naturally has something to do with the automotive business, which is currently experiencing a revolutionary transformation, keyword: e-mobility or autonomous driving. But also with the IAV-specific high-tech DNA that makes progress standard and shows real potential to the ambitious developer elite.

At all levels. Because IAV Poland does not only develop the topics of the future. IAV Poland lives and breathes the topics of the future. And that means, among other things, establishing and resolutely implementing

convincing social and labor standards. The best example: the new, energy-efficient office building. Among other things, it builds on sustainable materials and supplies itself with electricity. This puts the Polish site in Wrocław one innovation ahead of the German headquarters in Berlin. And that’s good! If you expand, you give new things a chance. That brings movement to the corporate strategy, accelerates changes in the business structure, and, at the end of the day, makes the difference in international competition. And that was already obvious in the planning of IAV’s Global Top Management Conference which was on the agenda in February 2023. For the first time, something completely new in the company’s history, the Conference was to be held somewhere else in Europe. Not London. Not Paris. And not Stockholm either. The managers from IAV took the bus together to Poland to the new subsidiary. Innovation has many faces.



## Takeaways

IAV is investing in one of Europe’s most dynamic technology regions, which strengthens the company’s profile internationally as a leading tech solution provider.

In Poland, IAV benefits from young, extremely well-trained tech professionals with whom the subsidiary builds up and ensures the resources of the future for IAV Global.

IAV takes advantage of the cost-specific location advantage of Poland to make a significant value proposition and thereby diversify IAV Global’s value creation in a targeted manner.

IAV Poland attaches great importance to sustainable personnel development with compelling social and working standards.

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# 3 | Responsibility for our business

## 3.1 Working in partnership

### Focus on client satisfaction

IAV maintains sustainable and long-term business relationships that have been based on mutual trust for decades. Appreciation and cooperation in a spirit of partnership are top priorities. All employees work in cross-divisional collaboration to sustainably strengthen clients' position in the market. The technological capability as well as the attitude of the employees make IAV a successful partner in the field of automotive engineering as well as the energy industry, water management, railroad technology, maritime applications, aviation, robotics, agricultural technology, and off-highway machines.

To ensure that these services are provided over the long term, IAV consistently gears its portfolio to its customers. The central sales organization supports and advises all employees throughout the entire sales process – from initial contact with the customer and preparation of the offer through to negotiation and successful conclusion. In addition, key account managers act as central and well-known contact persons for decision-makers and stakeholders at the customer. They ensure trusting cooperation and pool all activities for the assigned customer – also internationally in coordination with the local sales organization. IAV solves its clients' most pressing and complex problems. This claim is firmly anchored in the corporate strategy. Customer satisfaction therefore plays a central role for IAV and is essential for the strategic planning of all activities. For this reason, regular reporting is also made to the management in order to use the findings for IAV's orientation in the market and in competition.

Customer satisfaction is evaluated several times a year in a standardized process. Criteria such as adherence to deadlines, quality, value for money, customer care, depth of expertise, innovativeness, and cooperation are queried and recorded. To do so, IAV uses a group-wide Customer Relation Management system.

### Quality management at IAV

With its quality management system, IAV sustainably promotes the quality of its services and products as well as its capacity for innovation, the continuous further development of its service and product portfolio, and its focus on customer needs. We meet the increasing demands resulting from legislation and customer requirements with an integrated approach that, among other things, takes into account industry-specific standards such as ASPiCE. This enables the company to address all challenges, such as ever faster development cycles or cross-industry digitalization.

IAV's quality policy takes customer expectations into account and includes the commitment of all levels of the company to meeting the specified requirements and to continuous improvement. IAV's quality management system is certified to DIN EN ISO 9001 and is regularly reviewed for effectiveness.

### Sustainability in supplier relations

[2-6] IAV procures work services from business partners that are largely based on services provided by professionally qualified employees. Business partners are all third parties who work for, on behalf of or together with IAV. These include in particular suppliers, subcontractors, consultants, brokers, agents, sales representatives, contractors, and freelancers. The vast majority of suppliers are from Germany and Europe. The Supplier Code of Conduct has been applied for business partners since 2019. The aim is to enforce IAV's understanding of values and sustainability in the supply chains. For this purpose, IAV implements various activities.

For example, the provisions of the Supplier Code of Conduct have been integrated into the General Terms and Conditions of Purchase. They are binding for all suppliers and form the basis for business relationships with IAV. Suppliers are also required to pass on the standards of the Code of Conduct to their business partners and to oblige them to comply accordingly.

Procurement is carried out on the basis of defined processes and role-based decision-making powers. Supplier management is an integral part of procurement policy and an operational tool for successfully shaping the relationship between suppliers and IAV.

Suppliers with a direct influence on performance processes are carefully selected. The first step is to evaluate the supplier on the basis of a supplier self-assessment and other evidence (e.g., VDA questionnaire, certificates). Suppliers are only approved if they conform to all requirements.

### Human rights

At IAV, it is the people that are in the foreground. For IAV as an engineering service provider, the employees are its greatest asset. This is why IAV ensures human rights are adhered to at all levels of the company. In December 2022, the IAV Management Board underscored its personal commitment to this subject by adopting the Declaration of Principles on Human Rights.

For IAV, human rights are non-negotiable. This is why adhering to all basic human rights, particularly within the company, is a matter of course, but also a great responsibility. IAV acts in line with international standards, such as those enshrined in the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the core labor standards of the International Labor Organization. At the same time, IAV demands a comparable pledge from those responsible in its global supply and value chains.

Child labor in any form is not tolerated by IAV. In addition, forced labor, i.e., the performance of work against the will of the person doing the work and under threat of punishment, is not tolerated. This prohibition includes modern forms of slavery as well as human trafficking.



**IAV wants to contribute to improving living conditions on our planet for this generation and those to follow. Adhering to human rights and the welfare of the employees are non-negotiable for IAV.**

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# 3 | Responsibility for our business

## 3.2 Compliance management

### Compliance at IAV

[2-24] For IAV, compliance is not just the formal obligation to comply with applicable law or internal regulations. Compliance is a joint responsibility of all employees in the company and a commitment to our customers and stakeholders.

With the successful completion of the US monitorship on June 22, 2022, IAV proved that the company has an appropriate and effective compliance management system (CMS). Moreover, IAV particularly convinced the independent monitor that compliance is something that is genuinely "lived and breathed" in the daily work at IAV.

### Compliance management system

IAV stands for responsible corporate management. Both the German Corporate Governance Code (GCGC), most recently in the version dated April 28, 2022, and the UN Global Compact guide IAV's actions. In order to meet its responsibilities in terms of legality and organization under the GCGC, management has set up steering and controlling instruments in line with the Three Lines of Defense model as what is referred to as the GRC House and maintains a compliance management system (CMS). IAV GmbH, the national and international subsidiaries as well as the majority-owned companies are integrated into this system. The CMS valid group-wide aims to ensure the law-abiding conduct of the corporate bodies and employees of IAV at all sites all over the world. It is tailored to the specific

risk situation of IAV as an engineering service provider for the automotive industry. The technical focus is thus on the technical compliance (tCompliance).

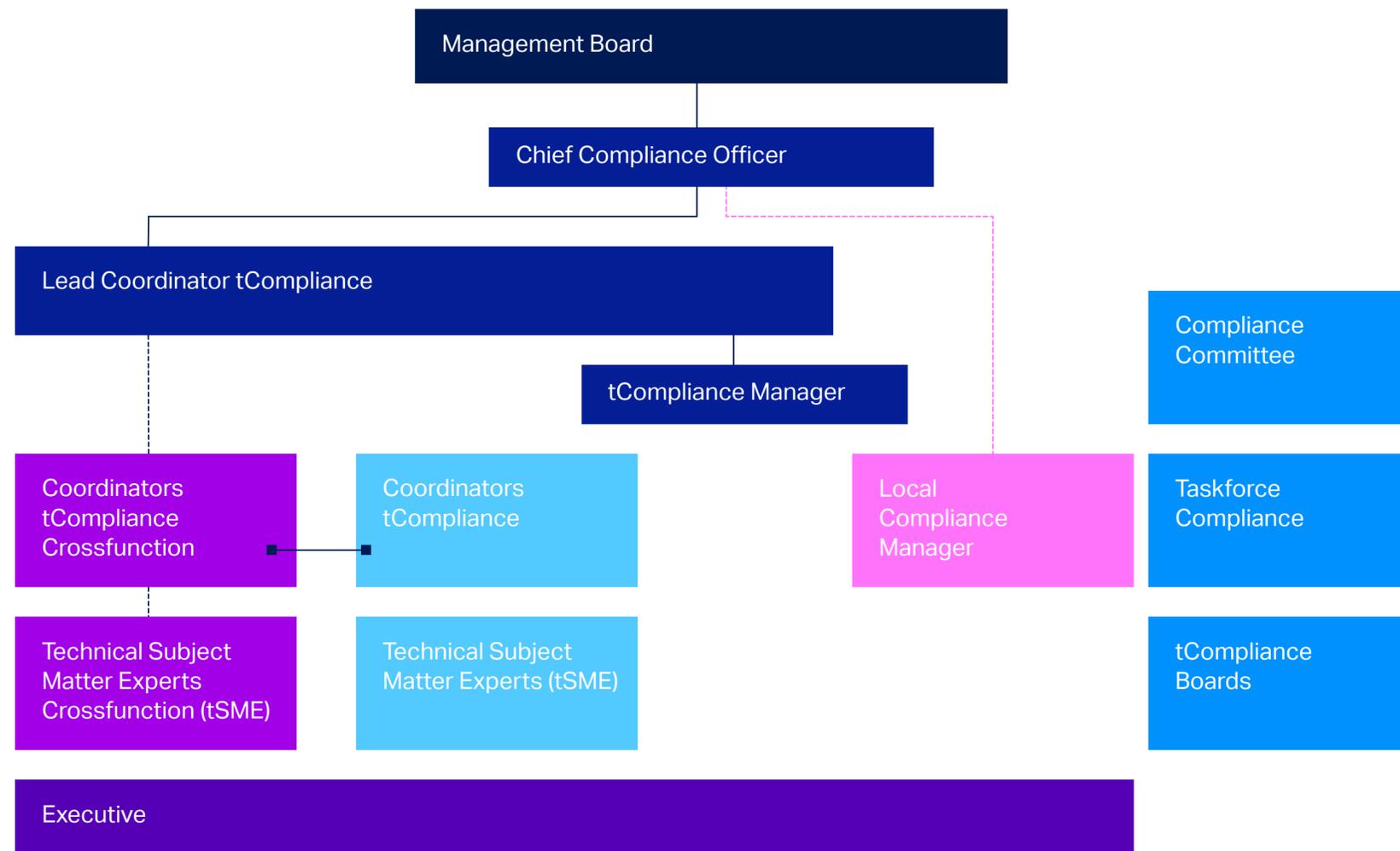
The management creates the framework for the further development of the CMS not least by making the necessary resources available and by its members setting a personal "tone from the top" on various occasions.

### Compliance organization

At IAV, compliance is a management issue. The Chief Compliance Officer (CCO) reports directly to the General Management. The CCO is supported by compliance experts. Alongside a central Compliance unit, IAV has an established decentral compliance network in the technical areas which is managed by the Lead Compliance Risks and Technical Operations. A key objective is to ensure that our customers' products comply with the statutory approval requirements in development projects. IAV's professional focus is mapped and cross-divisional expert exchange promoted in tCompliance Boards, headed up by tCoordinators. Supplemented by local contacts in the subsidiaries, IAV covers the entire portfolio.

The Group Compliance Council newly established in March 2022 supports the compliance organization in assessing how effective the compliance program is. The Compliance Council is composed of representatives of IAV GmbH or representatives of the large international subsidiaries as well as the Head of the Global Operations division. The councils each meet twice a year.

IAV sets up a task force when there are reports of a legal violation attributable to systematic misconduct.



IAV compliance organization

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## Holistic implementation of compliance

[2-23] [2-15] On the basis of the business model, the results of the compliance risk analysis, and applicable best practice standards, the following compliance topic areas arise for IAV, for which the Compliance unit centrally issues guidelines for the organization:

- Technical compliance
- Corruption prevention and avoiding conflicts of interest
- Ensuring compliance with antitrust laws
- Prevention of money laundering
- Human rights
- Prevention of fraud
- Work contract conformity
- Export control
- Data protection

The CMS consists of ten elements for preventing, uncovering as well as reacting to compliance infringements. The identified compliance topics are managed within the ten elements of the CMS.

To ensure that all relevant laws and regulations are known, Regulatory Risk Assessments are carried out on a regular basis, particularly with a view to technical regulations and standards in the markets relevant for IAV. The findings of the assessment are incorporated into the structured identification and evaluation of risks, the compliance risk analysis. Measures to counter the risks are derived on this basis, if necessary together with those responsible.

Compliance regulations and guidelines are the formal basis for the CMS. They represent minimum requirements for all IAV companies worldwide. The rules and processes described there are reviewed and updated regularly, at least once a year or when the need arises, to ensure they are understandable, particularly for employees.

Training sessions are an important tool for the sensitive handling of compliance risks and for the assignment of roles and responsibilities in the CMS. Compliance-relevant content is transmitted with a range of varying training session formats, tailored to the employee groups.

## IAV SpeakUp system

[2-25] [2-26] The IAV SpeakUp system is one of the most relevant measures at IAV for identifying compliance risks at an early stage. Employees and third parties can use various reporting channels to anonymously report potential breaches of regulations.

The IAV compliance organization professionally and independently examines the information reported and takes any necessary action. Confidentiality is the top priority. IAV prohibits the sanctioning of reports made in good faith. IAV protects reporting persons and people close to them against any form of reprisals that they may learn or be exposed to as a result of the information provided. Violations of the principle of protection of reporting persons are themselves regarded as violations or misconduct and punishable by appropriate measures. False or misleading reports given intentionally will be prosecuted according to the need and severity.

## Anti-competitive behavior and antitrust violations

IAV sets itself the standard of acting fairly and transparently in economic competition. Competition and antitrust law must be complied with. Agreements with competitors that could lead to a restriction or prevention of competition are prohibited. There are no pending proceedings against the company on the grounds of anti-competitive behavior or infringements of antitrust and monopoly law. Furthermore, IAV was not the addressee of any fines or non-monetary sanctions in 2021 and 2022 due to non-compliance with laws and regulations in the social and economic sphere.



Ten elements of the CMS

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# 3 | Responsibility for our business

## 3.3 Protection of data and information

### Data protection management

To ensure ongoing compliance with data protection requirements and their verifiability, IAV has established a data protection management system that is continuously optimized and adapted to new or constantly changing requirements.



**IAV's data protection management pursues the following goals:**

- Implementation of legal, contractual, and normative data protection requirements
- Compliance with the principles governing the processing of personal data, i.e., legality, principles, transparency, purpose limitation, data minimization, accuracy, storage limitations, integrity, and confidentiality
- Protecting the rights and freedoms of data subjects from unacceptable risks
- The ability to demonstrate that IAV complies with data protection requirements
- The avoidance of fines, third-party claims and reputational damage

Data protection management is regularly audited as part of external audits (ISO 27001, TISAX) and internal audits. Special data protection risks are queried in risk assessments and additional measures, such as special training requirements, are derived from this. At all sites, IAV has the "special data" TISAX label (Trusted Information Security Assessment Exchange). An external data protection officer has been appointed for IAV GmbH and the German subsidiaries. There is also a central internal IAV data protection team. This team provides IAV with comprehensive support in complying with data protection requirements and maintains a regular exchange with relevant stakeholders. Data protection coordinators have

been appointed to ensure effective implementation of data protection requirements in the organizational units and subsidiaries. IAV's management is informed on an ad hoc basis and in regular reports about the implementation of data protection at IAV and about relevant risks, developments, and issues. Data protection processes, specification documents, and templates are published in IAV's internal process tool for all employees to see. They are reviewed and updated regularly and as required. Awareness measures such as general mandatory training for all employees and function-specific mandatory training for groups of employees with an increased need for training as well as publications on the intranet are used to communicate the relevant requirements within IAV. The documentation of processing activities, data protection incidents, data subject inquiries, and general data protection inquiries brought to the attention of the data protection team by employees or business partners, takes place in a central system. The number of data subject inquiries remained at a consistently low double-digit level in the reporting period. The majority of data subject inquiries related to deletion requests from applicants who have been turned down and requests for information from employees. In the reporting period, there were no reportable data protection incidents and no agreements with regulatory authorities. There are no known complaints from affected parties to the regulatory authorities.

### Information security and prototype protection

Protecting the know-how of customers, business partners, and end customers as well as protecting its own know-how is an integral part of IAV's business processes. In 2022, for example, the company again successfully demonstrated the effectiveness of its information security management system in surveillance audits and holds an ISO -27001 certificate for IAV GmbH and other subsidiaries. In addition, IAV has had an unrestricted release for TISAX for almost all sites in Germany for "very high protection needs (AL3)" in accordance with the Simplified Group Assessment since 2019.



**As part of the management system, the following strategic guiding objectives have been formulated:**

- Compliance with the framework requirements applicable to IAV under laws, contracts, and regulations
- Protection of critical information and investments made by means of appropriate organizational and technical requirements
- Identifying, assessing, and dealing with existentially threatening hazards and risks at project, process, and company level
- Restricting access to information to the minimum necessary
- Maintaining IAV's business operations by taking appropriate emergency precautions in handling information assets

The detailed guidelines for information protection, IT security, and prototype protection, for which the Corporate Security organizational unit is responsible, were derived from these guiding objectives of the information security policy. The Corporate Security unit is headed by the management representative for information security, who reports directly to the management. The Information Security Manager and the Manager for Know-how, Object and Prototype Protection as well as the IT Security Manager were designated as possible sources of support. In the reporting period, there were no incidents due to information security breaches that resulted in the failure to meet delivery commitments or in large fines. No successful cyberattacks on the IT infrastructure were detected. Nevertheless, a cybersecurity program was set up to increase IAV's cybersecurity resilience. In addition, cybersecurity insurance was taken out to reduce financial damage in the event of an attack that can never be ruled out.

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## 3.4 Opportunities and risks

[2-23] [2-24] As a globally active company, IAV is exposed to a large number of risks in the course of its business activities which are inextricably linked to entrepreneurial activity. These risks must be identified, assessed, and managed actively in accordance with legal and regulatory requirements. At IAV, risk management is therefore an integral part of corporate management. It takes place at various levels of the company, coordinated as what is referred to as the GRC House on the basis of the Three Lines of Defense model. The GRC functions, including corporate risk management and the internal control system (ICS), operate on the basis of documented, cyclical processes with clear roles, responsibilities, and interfaces that are subject to a continuous improvement process. Depending on the focus of the respective GRC function, risks are identified, assessed, correlated, and assigned measures, the implementation of which is regularly monitored. IAV includes its majority-owned subsidiaries in its risk management activities. The implementation of the relevant group specifications in the subsidiaries is largely completed, initiated by IAV GmbH. The requirements of the standards ISO 9001, 27001, 45001 and 14001, according to which IAV is certified, were included in the definition of the risk management system. IAV intends to make investments in the digital dovetailing of risk management activities in 2023 to integrate these more. A preparatory project for the launch of a corresponding GRC software platform was completed successfully in 2022.

### Systematic recording and management of risks

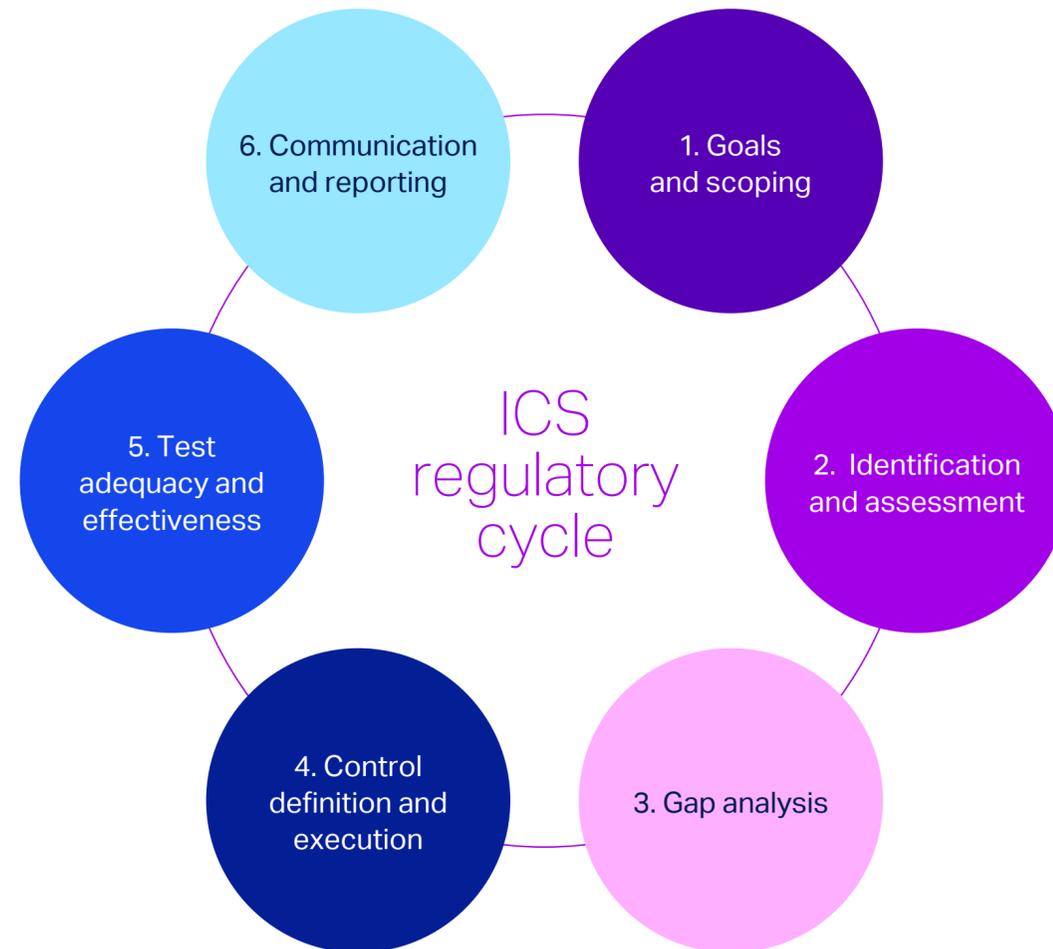
[2-16] [2-23] Risk management at company level considers the main risks in terms of management's expected short- and medium-term corporate objectives. This includes both the possibility of a negative deviation and the possibility of a positive deviation in the sense of an opportunity. The aim of risk management at company level is thus not only to ensure that corresponding risks to IAV are identified in good time, but also that measures are taken promptly to manage the influence on the company in the best possible way for the benefit of the company. To this end, the objectives and associated risks of all key organizational units, subsidiaries, and management systems are surveyed or updated every six months from the perspective of the management (top-down) and the respective line managers (bottom-up). The respective cause-and-effect relationships are worked out and controlling measures are defined by the risk owners in the operative areas. The overriding findings of each reporting cycle are critically appraised by the representative Risk Committee before a comprehensive report is prepared for the

Management Board at the end of each half-year. The risk management system is reviewed every six months to ensure it is effective and appropriate, including the use of defined KPIs.

### Control activities in business processes

ICS was established as an independent function in the IAV Group from 2020 to 2022. The starting point for the ICS was the numerous activities already in place for controlling process-related risks, which were supplemented by additional, risk-oriented controls. The total inventory of controls that has now been built up in this way is managed centrally in the form of uniform, process-specific risk control matrices using a uniform methodology.

An annually repeated ICS control process with clear roles and responsibilities ensures that existing risks, control objectives, and control roles are regularly updated on the basis of risk-oriented ICS scoping. Identified control gaps are provided with measures in this process in order to adequately counter corresponding risks through new or modified controls after implementation. An annual self-assessment regularly provides a quantitative and qualitative picture of the adequacy and effectiveness of IAV's control landscape. It is carried out by the departments and quality assured by the central ICS function. On this basis, an annual report is prepared for the Management Board, which includes a proposal for scoping the next ICS control process to leverage any potential for improvement that is discovered.



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# 4 | Responsibility for our employees

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## 4 | Responsibility for our employees

### Leadership journey

Leading players for pioneering success.

People as the success factor: Good managers play a crucial role on the road to IAV becoming a tech solution provider. But what does that mean? In theory, the question is answered by the new leadership model of IAV; in practice by the innovative leadership journey that sends leaders at IAV on a six-month learning journey across divisions, hierarchies, and locations. Let the journey begin ...

The goal? Is the way. Particularly when it comes to the leadership journey. Navigation is provided by the leadership model, developed by IAV in 2021, which at its core revolves around responsibility and communication. For IAV, the central element of effective leadership. And it always has been. Responsibility is seen as having a dual function: taking responsibility as a leader yourself, but at the same time enabling personal responsibility. Moving away from control toward facilitating and encouraging employees to see responsibility as an opportunity. As an opportunity for a new future.

The future also shapes the very purpose of IAV: "We move the world for the better through technology and engineering." This is the strategic polestar to which IAV is aligned and where IAV is heading in everything IAV does. Clear coordinates for every manager: Understanding the role your own position plays in the bigger picture and comprehending how your own position, your own team, your own area of responsibility contributes to that bigger picture. This makes the leadership model tangible and results directly in specific doings. Namely: Empowering and enabling employees, striving for business success or developing profitable business models, promoting competitive innovation, and attracting new customer groups. Because it is only sustainably successful businesses that can sustainably secure the future, which of course builds on a sustainable development of IAV as a company. This is why leadership is also responsible for working together and learning from each other: How do the processes between the divisions work? What do teams bring with them in terms of diversity?

Where is there not enough agility? What is the situation with the culture of mistakes? It's a fact that the IAV leadership model sets the bar extremely high for managers. But it is not higher than the expectations customers, partners, and markets have of a leading tech solution provider. This challenges the leaders and boosts IAV. With manager development that knows only one limit: your own.

#### Rethinking learning

This is why, for the managers of the future, IAV is consistently moving out of the comfort zone and rethinking qualification. Rethinking sustainably. And with a different understanding of learning: self-directed, networked, demand-oriented, and lifelong. That is exactly what the leadership journey stands for: IAV successfully piloted the journey in 2021 and has been rolling it out since 2022. Managers don't go to a one-day workshop or three-day seminar. They undertake a six-month learning journey during which they, in particular, experience the new IAV leadership model and discover it for themselves.

The journey starts off with classic onboarding. A face-to-face session that takes around one and a half days and that details the planned route of the journey. This involves the declaration of initial learning circles with a maximum of five travelers, who will meet twelve times during the course of the journey to work together on personal learning goals.

And that's not all: Alongside the learning circles, there are also virtual sessions, which focus on 25 different topics. Topics that approach the new IAV leadership model from all possible, and perhaps even impossible, perspectives. Every traveler pops at least four topics into their "learning luggage." Sometimes even five, six, seven ... The sky is the limit! After three months, the entire travel group comes together for a one-day stopover: after six months, one and a half days for offboarding, again as a face-to-face event. Naturally, there are always travel guides from the IAV People department on hand to give travel tips, solve a "deadlocked" situation, or provide mental fuel.

#### A new understanding of responsibility

A specific learning result? Basically, there is no such thing. Just as there is no obligation to get a ticket for the leadership journey. Taking part is voluntary and thus follows the core of the new leadership model: Taking responsibility for yourself, your own learning, and your own learning goals. Of course: The learning goals should be SMART and primarily impact your own working environment, such as better communication, higher innovation performance in the department, or greater performance in the team. That is important and also right. Because theory can only be proved in practice.

In general, every leadership journey takes around 60 IAV leaders on the learning journey. The first travel group has been on the road since November 2022, the second is to follow in March 2023, and the third in April 2023. In the first stage, the focus is on around 1,000 line managers as well as project and specialist managers – across divisions, hierarchies, and locations.

Because in fact: The demands made on managers are increasing. Every day. That requires more knowledge, more capabilities, greater desire, and also more leadership at IAV. It is precisely as learning role models, learning designers, and learning supporters that managers assume a far-reaching responsibility. For the development of employees and thus for the development of IAV. Success is the way, tech solution provider the goal.

#### Smart? Smart!

We use SMART as an acronym for specific, measurable, achievable, relevant and time-bound – a sensible definition of goals. And of course it is quite simply the English word "smart"!

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## And this is what leaders say about the leadership journey

“Lifelong learning is incredibly important and is thus part of the DNA of IAV. The leadership journey sheds light on numerous facets of leadership and culture, and offers the opportunity to exchange and network, thus laying an important foundation for further joint corporate success.”

**Dr. Eike Bleckwenn, Head of the P-LP Specialist Unit**

“The journey sharpened my view on the extent to which our actions are shaped by leadership. At the same time, I was given specific approaches of how to shape my environment in line with the leadership model.”

**Dr. Bennet Luck, Head of the TD-X3 Department**

“The leadership journey promotes a culture of openness in which we examine topics of leadership together and in the process can reflect on our own leadership role and our function as a role model. Responsibility and trust are fundamental components of our common understanding of leadership.”

**Saskia Kohlhaas, Head of C-I**

“The leadership journey offers a platform for reflecting your own values and the opportunity of linking these to the IAV mission statement so you can live and breathe them. ... For transporting them into the team and convincing the team of their worth. Regular exchange and the networking between the other travelers develops new horizons of viewing IAV from different perspectives and developing a common mindset.”

**Ann-Christin Salge, TV-V Team Leader**



### Takeaways

Managers are the decisive lever on the road to IAV becoming a tech solution provider.

IAV is revolutionizing the company's own manager development with innovative learning formats such as the leadership journey.

The leadership journey imparts a uniform understanding of leadership based on the new IAV leadership model – across divisions, hierarchies, and locations.

The leadership journey requires leaders to reflect on their own leadership role and it promotes a new understanding of learning – self-directed, networked, demand-oriented, and lifelong.

Participants in the leadership journey workshop

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# 4 | Responsibility for our employees

## 4.1 Attractive working conditions

As an employer of more than 7,000 employees in Germany, IAV bears responsibility for a large workforce. Employees are to be provided with an activating environment in which they can realize ideas in a spirit of partnership in a future-oriented range of tasks. In particular, the long-term nature of employment relationships is of key importance in times of digital transformation. During the transformation process in the automotive industry, employees must be offered both prospects and security. The reliability of employment

relationships at IAV is demonstrated, among other things, by a high average length of service of over ten years. Reliable employment relationships form the basis for continuous learning. Only with highly qualified employees can IAV develop into the software and technology engineering partner of the future. The aim is therefore to attract the best talent by offering an attractive working environment and to retain them within the company. For this reason, IAV is driving cultural change, ensuring flexibility, and using modern tools in human resources work.

### Flexible work arrangements

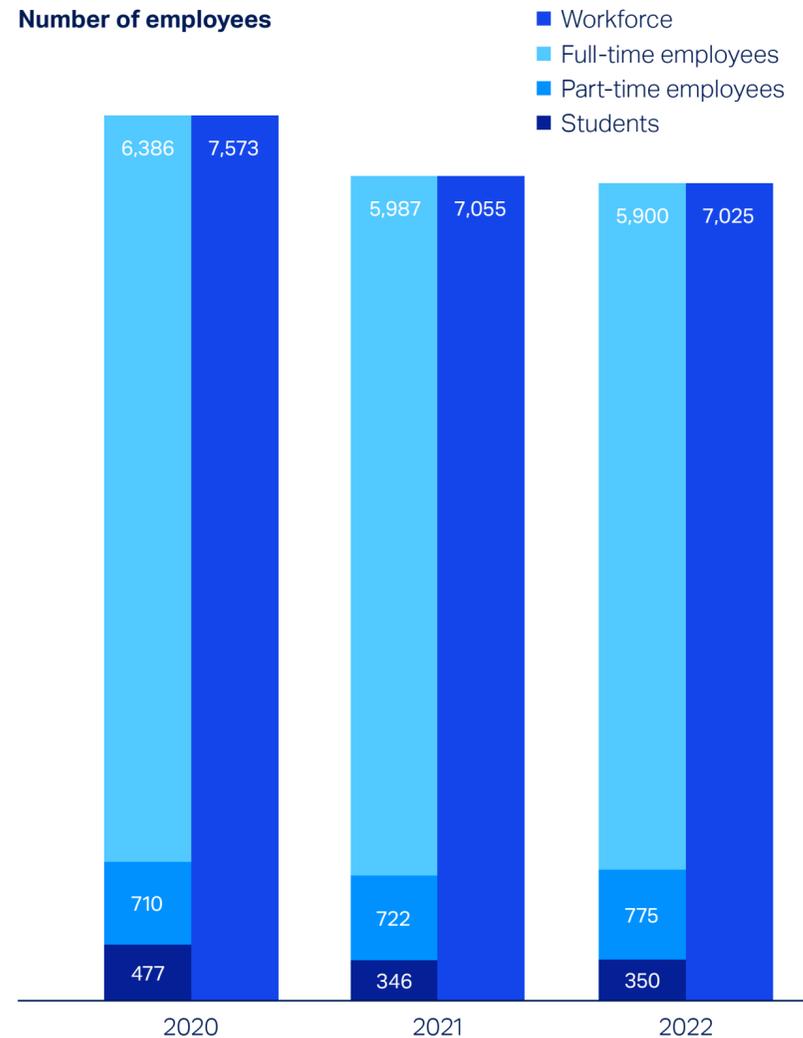
Depending on their life situation, employees may have different ideas regarding the organization of their working hours and place of work. With binding company agreements, IAV has created a solid foundation to enable employees to balance their professional and private lives individually and at short notice. The "flexible working hours" works agreement, for example, ensures that employees have the opportunity to influence their own working hours. Separate arrangements have been made for employees with on-call, shift or service times. Through the company agreement on "mobile working," management

and the General Works Council clearly commit to the goal of sustainably changing IAV's working and management culture and promoting a culture of trust within the company. Mobile working allows employees to work outside IAV's premises and thus to flexibly organize their working hours and location. Since 2022, employees can work on a mobile basis for a limited period of time abroad.

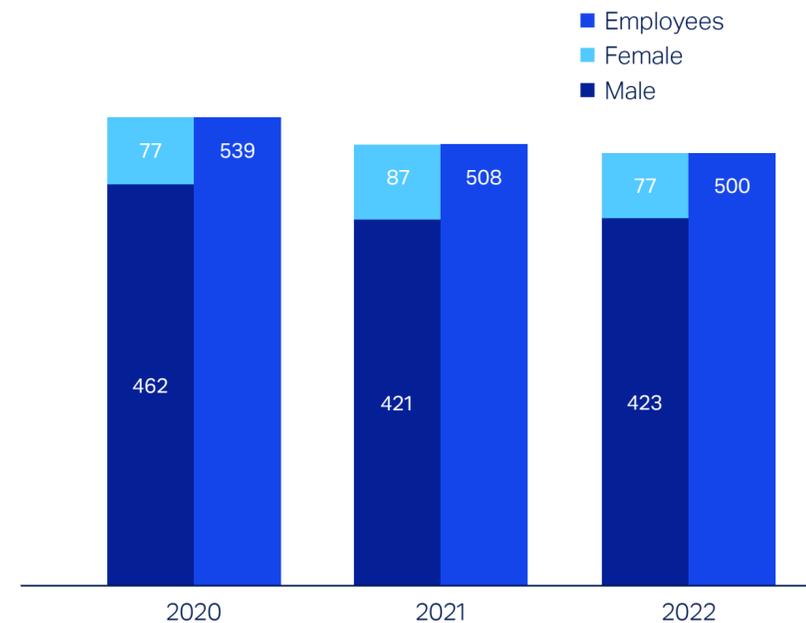
### Attracting new talent

In 2022, IAV was once more voted one of the 100 most attractive employers in the engineering sector in Germany in the ranking of the Trendence Graduate Barometer. More than 20,000 applications per year additionally underscore the correctness of the measures taken and communication channels selected. On the career website and social media channels, exciting tasks and technology topics were featured for young talent, and, at the same time, employees provided insight into cultural aspects of the company in their posts. Female and diverse talent were given greater focus in external communications, for example through a wider range of employee portraits, insight into the networking event IAV Diversity Day and, looking beyond the IAV channels, through more gender-sensitive wording in job advertisements and profiles.

Number of employees



Number of employees on parental leave



Diversity stories were published as video interviews to illustrate the facets of existing diversity at IAV and to welcome new talents in their multifaceted nature to IAV.

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Personal contact to young talent is maintained, among other things, through cooperations. For example, IAV once more supported 13 Formula Student Germany teams with expert know-how, as a jury member and sponsor, took on a twelve-month scholarship for 14 IT students via the German platform IT-Talents, participated in the software campus and an AI campaign with partners from Berlin, and took part in 31 career fairs as well as twelve career events for experienced IT and engineering talents.

## Focus on employee satisfaction

The annual employee survey has proven to be an effective tool for actively involving employees in decision-making and change processes. The employee survey uses targeted questions to gauge the satisfaction, motivation, and loyalty of the workforce. As a measuring tool, the employee survey continues to be developed further. It now includes additional questions on the IAV leadership model about the leadership conduct of a person's direct line manager as well as the level higher than that. The results of the employee survey are used to identify potential for improvement and to inform managers about the need for action in their organizational units. In the defined follow-up process, managers take appropriate measures in dialog with their employees and are supported by a specially appointed project team, which provides various tools for this purpose. The IAV toolbox offers help when talking about the results, including measures for improving for individual questions. The improvement measures agreed within the team are documented and followed centrally in a database. This increases the sustainability and binding nature of the follow-up process. The 2022 employee survey covers all employees of the IAV Group, including its subsidiaries in Germany and abroad. Of the 7,368 employees at the companies covered, 5,526 took part. This corresponds to a quota of 75 %. The overall index – a key indicator of the employee survey, obtained from the sum of all responses to the standard questions – was a pleasing 73.8 out of a possible 100 index points in 2022 and thus on the stable level of the previous year (2021: 73.6 index points).

## Employee satisfaction



## 4.2 Social partnership and employee participation

[2-30] In 1989, IAV was the first development service provider to conclude a collective wage agreement with IG Metall, thus achieving collective bargaining coverage via an in-house agreement. In subsequent years, further collective bargaining agreements were reached in partnership with IG Metall, e.g., the framework collective agreement for employees with specialist or management functions, the collective agreement on deferred compensation, and the collective agreement on part-time work for older employees.

A works council represents the interests of employees at all IAV GmbH plants. Cross-company issues are handled by the General Works Council. Works councils and the General Works Council organize themselves into committees and working groups. Co-determination at IAV is practiced in a spirit of partnership and cooperation. Issues such as working hours or order and conduct in the company are discussed and negotiated with the relevant bodies and, if necessary, concluded by means of a works agreement or general works agreement. It is IAV's policy to inform employees and their elected representatives as early and comprehensively as possible about operational changes. In spring 2022, employees elected their representatives in the plants as part of the regular works council elections. In the period under review, company agreements on, among other things, mobile working both at home and abroad, variable remuneration and workplace integration management were concluded.

## Remuneration and collective agreement

In the 2021 collective bargaining round, IG Metall and IAV agreed on a coronavirus compensation in June 2021 and a 2.3 % table-related pay increase effective July 1, 2022. Furthermore, focal points of the negotiations on the collective bargaining round 2021 were the further flexibilization and optimization of working conditions – e.g., through flexible working time arrangements and framework regulations on mobile working, flexibilization of part-time work for older employees and the implementation of the transformation in a spirit of social partnership, in particular through employee qualification.

## Collective agreement for students

In 2015, the company became the first company in Germany to conclude a collective agreement for students with IG Metall. It forms the framework for working and training conditions for students in all phases of their academic training. The collective agreement also applies equally to doctoral students, dual students, interns, and trainees. With this collective agreement, IAV promotes young talent and strengthens students' loyalty to the company by creating career prospects.

## 4.3 Qualification

For IAV as a technology and innovation-driven company, employee qualification and lifelong learning are an embodied practice. IAV accompanies employees' individual career and professional paths with the appropriate qualification programs and offers employees a wide range of advanced and further training measures so that they can learn the specific competencies and skills they need. In 2022, the average time for taking part in qualification and training measures was around 16.2 hours (2021: 17.2). A total of 96,402 hours (2021: 100,614) were invested in employee development in 2022.

## Talent and competence development

The annual employee orientation meetings focus in particular on the development of employees' skills. The talks are offered to all employees at IAV covered by collective bargaining agreements. The discussions are also used to jointly define tasks and goals and to reflect on what has been achieved. With the career qualifications, IAV offers its employees the opportunity to further develop their potential within the framework of a management, specialist, or project career. The career model forms the basis for individual and targeted career planning. The comprehensive qualification programs prepare employees for the challenges and responsibilities in their future roles. The program is rounded off by a range of seminars that can be planned individually and are tailored to the respective role, with the aim of enhancing the social and methodological skills of future function holders. The program is preceded by a potential assessment, which examines the suitability, skills, and interests of each candidate for a specific career role.

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# 4 | Responsibility for our employees

## Personnel transformation

The automotive industry is facing a major transformation. The development away from internal combustion vehicles to electromobility coupled with the speed of digitalization poses major challenges for the industry. This not only necessitates a transformation of IAV's business. It also means that the fields of work for an estimated 2,000 employees will change over the next few years, while many new areas of activity – especially in the field of data analysis and systems engineering – will emerge.

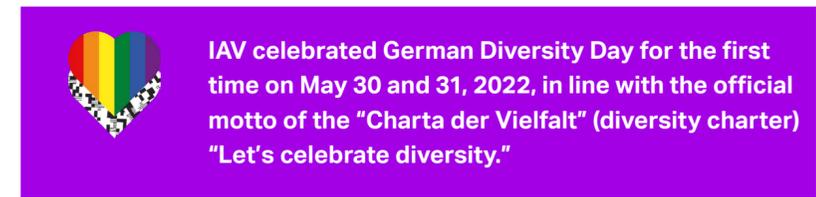
IAV has decided to take all its employees with it on this journey and to support them in their transformation to new areas of responsibility within the company. An important basis for this is the spirited cooperation of the entire workforce and an overall sense of responsibility that transcends divisional boundaries.

With the aid of extensive, targeted and high-quality qualification measures, IAV is doing everything in its power to prepare its employees for performing tasks in future business fields and to equip them with the skills and knowledge needed to do so. In addition, a number of high-tech qualification programs have been created which, due to their modular structure, provide all employees with the right offer to enable them to take on new responsibilities. IAV always has the individual experience and skills of the respective employees in mind in this process to ensure the best possible deployment of labor.

The training programs are designed in close cooperation with the departments and the works council to ensure that the training is optimally tailored to requirements. Cooperation with universities and colleges also promotes a high standard of quality in further training measures. Furthermore, dialog takes place with certified educational institutes, politics, and the German Federal Employment Agency to make the educational opportunities that help secure employment eligible for funding.

## 4.4 Diversity

IAV's innovative strength depends to a large extent on the ideas and creativity of its employees. The more individual the employees and their backgrounds, the more diverse the ideas. IAV is therefore convinced that an intercultural workforce with an appealing gender and age balance makes a decisive contribution towards the competitiveness of a development services provider. IAV treats all employees equally, regardless of nationality, citizenship, marital status, sexual orientation, skin color, gender, handicap, veteran status, religion or belief, age, race, social/ethical origin, or political views, provided the latter are based on democratic principles. To confirm this, IAV has voluntarily committed to diversity by signing the "Charta der Vielfalt" (diversity charter). Diversity and equal opportunities are firmly anchored in the company's values and leadership model. In 2022, IAV also included diversity competence in the internal human competence catalog, so that managers are now also measured by their ability to deal with social diversity and differences in people, values, attitudes, ways of thinking and working in an appreciative, respectful, and unprejudiced manner and to incorporate these constructively into work processes.

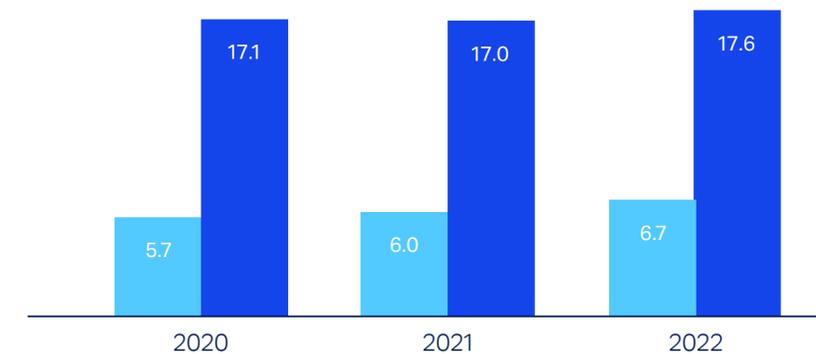


### Promoting diversity and equal opportunities

IAV has established various measures to ensure equal opportunities and equal pay for its employees. For IAV, a gender-equitable human resources policy is an important feature of its attractiveness as an employer. As a member of the network Employers for Equality, IAV learns from and with like-minded organizations and with experts. Employees can choose from a wide range of programs on topics such as work-life balance, inclusion in the world of work, and gender equality. In 2022, IAV placed a special focus on the promotion of women and thus founded the interdisciplinary working group Female Empowerment. This resulted in a road map with numerous activities such as workshops, learning programs for women, participation in target-group-specific trade fairs and events as well as the start of the Female Empowerment coaching program.

In order to get more women into management positions, an overall concept has been drawn up that uses current measures and perspective ideas to pursue the goal of equal opportunities in management. IAV has defined targets for the involvement of women in management levels. These targets stipulate that at least two women should be on the Supervisory Board. This goal was achieved in 2020. After both women left their positions, only one woman was appointed to take up a mandate. Since then, the proportion of women on the Supervisory Board has been 8.3 %. This means this goal has currently not been achieved.

**Proportion of women**  
 ■ Proportion of women in the workforce in %  
 ■ Proportion of women in management positions in %



The proportion of women on the Management Board has remained stable. The current goal of having at least one position in this body held by a woman is still currently being met. With three Managing Directors during the period under review, this represents a proportion of women of 33.3 %. Since May 1st 2023 with two Managings Directors, this represents a proportion of women of 50 %. In accordance with Section 36 of the German Limited Liability Companies Act (GmbHG), the Management Board resolved to set a target of 6.25 % (one woman) for the first management level and 2 % (two women) for the second management level for the period up to the end of 2022. For the first management level, the target has not been met since a woman joined the Management Board in 2022. In contrast, however, three women have taken on positions and responsibility in the second management level. This corresponds to a proportion of women of 7 % at this level. Overall, the proportion of women in all management positions was 6.7 % in 2022 (2021: 6.0 %). In the workforce, women accounted for 17.6 % in 2022 (2021: 17.0 %).

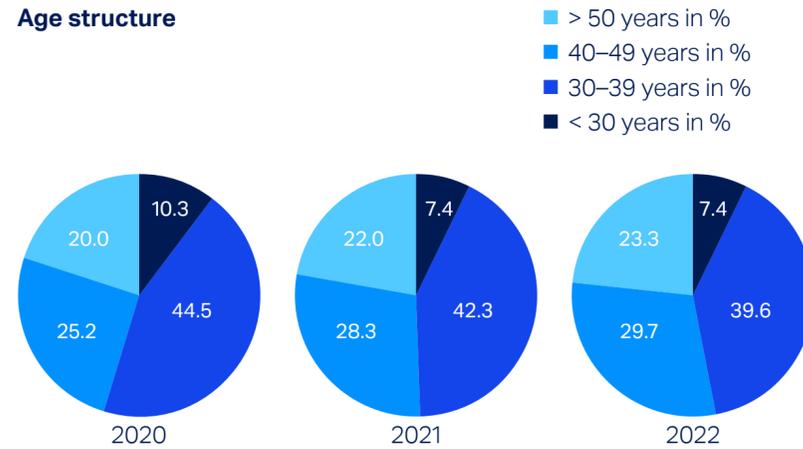
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# 4 | Responsibility for our employees

To counter demographic change in society, IAV relies on a mix of different generations in the company. Since 2018, the proportion of employees aged between 30 and 39 has been at its highest. At the same time, the proportions of employees aged between 40 and 49 and over 50 are growing. Individual working time models and health measures are designed to maintain the performance of all employees in the long term.

## Age structure



## 4.5 Safety and health at the workplace

Health protection and occupational safety have top priority. All employees have a right to a safe and healthy working environment. In line with this principle, IAV observes the applicable occupational health standards and specifications. Furthermore, these standards and specifications form the basis for a company-wide management of occupational safety and health protection.

Every measure is aimed at maintaining or improving employees' health, performance, resilience, motivation, and satisfaction. For this purpose, the occupational health management and occupational health and safety management areas form one unit in terms of both organization and personnel.

### Occupational health management

The IAV health management encompasses measures to improve work organization, ergonomics in the workplace, employee integration and rehabilitation, and the development of management culture as well as preventive measures.

Company medical care is continuously improved as part of occupational health management. The goal is to adhere to the highest quality standards in medical supervision to ensure the safety of the employees in their highly specialized tasks.

Most of the activities of occupational health management are focused on prevention. In addition to focusing on the prevention of company-related illnesses, a holistic approach is taken to improve the general health of employees.

- Workplace integration management after illnesses
- Design of a safe and healthy workplace
- Ergonomic equipment of workplaces
- Regularly changing health and theme days at all sites
- Seminars and lectures for sustainably health-conscious actions

### Occupational health and safety management

In implementing company-wide occupational health and safety management, IAV adheres to the applicable, specific standards. IAV has been successfully certified in accordance with ISO 45001 since June 2019 and was able to confirm this in a recertification audit in 2022.

Occupational health and safety requirements are integrated into the organizational structure and processes and are implemented at all sites. Hazards are thus systematically identified, assessed, and minimized at the point of origin. The operational activities of occupational health and safety management naturally must comply with all relevant occupational health and safety legislation and the relevant accident prevention regulations.

Safety and occupational health measures such as training courses continuously reduce occupational accidents, occupational illnesses, and work-related health risks. Managers are required to cooperate actively and responsibly in implementing occupational health and safety management, and are regularly trained for this purpose. By pursuing an active policy of information and dialog between operational supervisors, occupational health, employee representatives, company physicians, and external companies, IAV creates the conditions for establishing safe processes and guaranteeing a high level of occupational safety. At all IAV's development centers and office locations, occupational health and safety committees with representatives from the employer and employee sides work on constantly improving safety and health at the workplace.

Risk assessments are drawn up and regularly reviewed for all workplaces, in particular for all activities, equipment and facilities that pose a risk. IAV employees receive the necessary safety and company medical care on the basis of the risk assessment. Test drivers, for example, can choose the scope of examinations they require from a comprehensive catalog of preventive examinations.

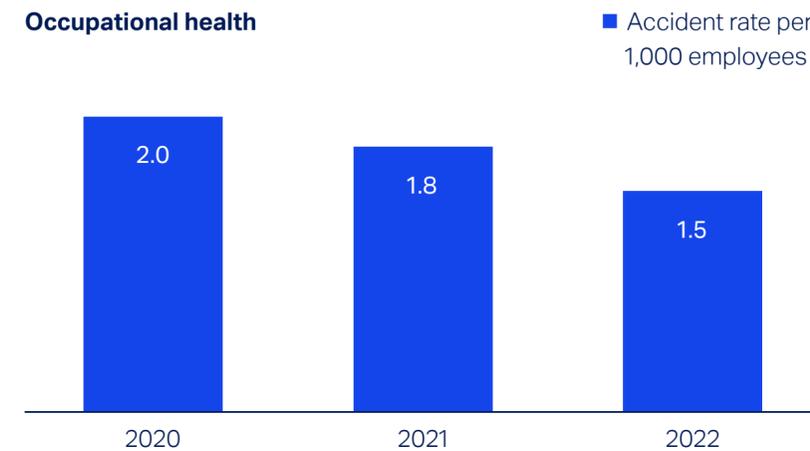
Occupational safety supports and advises employees and managers in the selection of appropriate programs of measures.

### Accidents at work

An important key figure in the area of occupational health is the accident rate. Here, the reportable occupational accidents with at least three lost days per 1,000 full-time employees are related to the calendar year. The basis for calculation corresponds to Specification 2 of the German Social Accident Insurance (DGUV V2).

In 2022, IAV had an accident rate of 1.5 occupational accidents per 1,000 full-time employees. In 2021, this figure was still 1.8 occupational accidents per 1,000 full-time employees (2020: 2.0 occupational accidents per 1,000 full-time employees). IAV is thus well below the average number of insured persons at the Verwaltungs-Berufsgenossenschaft (VBG) (13.76 reportable occupational accidents per 1,000 full-time employees, as of: 2021). In addition, no IAV employees suffered a fatal accident at work during the period under review.

### Occupational health



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### IAV Elcty

New drive for sustainable mobility.

Absolutely electrifying: With IAV Elcty, IAV is turning conventional diesel buses into zero emission electric vehicles. A win-win situation for companies and municipalities. Because the innovative e-components set not only accelerates the decarbonization of public transport. It also delivers a completely new drive for the mobility of tomorrow. Intelligent, sustainable, IAV.

Climb aboard! From Wannsee station the bus goes past Peacock Island through the Grunewald forest continuing along Havelchaussee and Heerstraße to the Messe Nord S-Bahn station: The 218 is said to be one of the most attractive bus routes in Berlin. But the real attraction is actually on the road. In blue.

Because since October 2022, a former service bus has been providing sightseeing tours – absolutely noise- and pollutant-free. How is that suddenly possible? Thanks to IAV Elcty, a high-efficiency e-drive unit with integrated battery system which completely replaces the original combustion engine drive.

The simple reason: Existing vehicles tend to stay in good shape. But they usually run on outdated diesel engines with minimal exhaust gas cleaning, a phenomenon which particularly in inner cities can lead to immense problems due to the constant stopping and starting. We are, of course, referring to: Emission pollution.

This is why the pressure to switch to sustainable mobility is rising continuously. The municipalities are demanding practicable alternatives, companies are looking for calculable solutions, and in IAV they found a forward-looking tech solution provider. Experienced, powerful, innovative.

#### Modular with electricity

Three intense years of development later, IAV delivered the first answers – with the IAV Elcty prototype, that “electrified” the IAA Transportation Fair in Hannover in 2018. IAV Elcty, created by a team of up to 50 IAV project developers, is basically a modular kit of drive components that IAV developed to market maturity.

The kit consists of a fully electric drive unit and a battery system. The rear axle of the commercial vehicle, which includes two highly efficient wheel hub engines, also plays a major role, as it gets 8,750 Nm onto the road per wheel. As a comparison: The old diesel engines offers just 3,000 Nm. The actual drive power is provided by two permanently energized synchronous engines without reduction gears, with the rotor speed corresponding to the wheel speed. The units obtain their energy from a lithium-ion high-voltage battery with a storage capacity of 147 kilowatt hours.

And this powers a double-decker bus at least 120 kilometers before it has to find either an AC charging station or a fast DC charging station. When fully charged, the bus uses the stored energy as drive energy and continues to drive quietly and without emissions.

Thanks to the modularity of the e-component set, which comes pre-assembled by IAV according to installation space and performance requirements and is delivered on a pallet, installation for qualified vehicle manufacturing companies is hardly rocket science. Detailed installation instructions document every step of how to apply electricity to the commercial vehicle with all the necessary components, such as the steering, brakes, and suspension.

Plug-and-play, but for professionals: Especially the sophisticated high-voltage system with a voltage of 800 volts requires electrical specialists who know what they are doing. IAV will then take care of installing the software, i.e., activating all the vehicle functions before the light finally switches to green ...

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The electric drive particularly shows its strengths in stop-and-go traffic. The IAV project developers talk of a high starting torque, jerk-free drive, and low brake wear which, among other things, reduces particulate matter. However, the talk is also about recuperation, i.e., the recovery of energy. This in turn reduces the load on the battery and increases the range.

## Benefiting several times over with ease

A holistic concept that pays off. Several times over. Because IAV Elcty does not just contribute to the improvement of the quality of the air and of life in general in urban spaces. The innovative e-component set is considerably less expensive than purchasing a new electric commercial vehicle and also offers solutions for distinct niche vehicles such as double-decker buses that established manufacturers do not usually offer. Municipalities are also benefiting from a more positive carbon footprint. Because alongside local and, depending on the electricity mix, global CO<sub>2</sub>-free operation, there is also major potential for savings upstream, specifically lower CO<sub>2</sub> emissions than with new production as well as less use of valuable energy-intensive raw materials such as aluminum and steel. And IAV Elcty is not just something that can be used to retrofit existing vehicles. Manufacturers, for example of buses, are capable of equipping their new vehicles, effectively ex works, and then delivering them with a sustainable electric drive instead of a conventional diesel one. Minor effort, major impact.

The German Federal Ministry of Digital and Transport (BMDV) was convinced, and included the IAV e-component set in the guideline on "Promotion of alternative drives for buses in passenger transport." A milestone for market acceptance.

## Buzzword

Less is more: And to make a mark linguistically too, Elcty is quite happy to do without some letters. Wh nt?

The first company to receive funding was Stadtrundfahrt Dresden GmbH in 2022, which is currently retrofitting 25 double-decker buses with IAV Elcty in Dresden and Leipzig. Countries from within the European Union are also beginning to show interest. For IAV as a tech solution provider, this represents a new opportunity for a change for the better.

## Outstanding!

Simply compelling: IAV took the fast lane with IAV Elcty and in 2022 secured itself the Sustainability Award in Automotive in the "technology" category in the area of drive engineering. The award, initiated by the ATZ/MTZ Group and the management consulting firm Arthur D. Little, honors outstanding solutions in the areas of environmental and climate protection as well as society and governance in the automotive and mobility industry. What electrified the jury? That the IAV drive component set sustainably reduces both emissions and noise as well as increasing the useful life of the existing vehicles.



## Takeaways

IAV is treading new ground and is making its mark with innovative development solutions as a leading tech solution provider.

IAV Elcty is speeding up the decarbonization of public transportation and thus making a sustainable contribution to the improvement of the quality of air and life in urban settings.

IAV Elcty is perfect for equipping new vehicles but also for retrofitting existing ones – without any great effort.

IAV Elcty receives government funding from the Federal Ministry of Digital and Transport (BMDV) in compliance with the EU guideline on promoting alternative drives for buses in passenger transport.



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## 5.1 Sustainability through technology and engineering

IAV uses its expertise and innovative strength to work on developing resource-saving technologies. Portfolio management is an essential tool for developing the company in promising markets, business segments and technologies with a view to sustainability. It ensures greater transparency and intensive communication across divisions. In addition, portfolio management creates the conditions for identifying and addressing adaptation and transformation needs at an early stage. It is therefore essential to identify trends and innovations quickly and to respond to volatile market developments. The aim is to future-proof IAV from the specialist units through to the entire company and to shape mobility sustainably.

Portfolio management structures IAV's core business into three core portfolios on the basis of the range of services offered in the mobility sector. Alongside this, "new businesses" and "side businesses" have been created to set up topics outside the traditional automotive industry

in dedicated portfolios. The focus here lies, in particular, on the future-relevant topics of energy and agriculture. In addition, IAV is pushing the scouting of new business fields using what are called Market Development Boards.

In line with the corporate strategy, the portfolio is constantly being further developed and maps the most relevant customer offers so that technologies, methods, and tools are developed in a targeted manner. The continuous evaluation of the portfolio elements takes into account trend topics relating to sustainable mobility and its impact on customer requirements and market developments.

On this basis, IAV is addressing sustainability through technologies and engineering and driving forward projects in the individual portfolios. New competitors, customers and technologies that are continuously evolving create a constantly changing business environment. Sustainable and flexible innovation strategies are essential. IAV uses various formats to regularly identify trends, technologies, and needs in good time, validate the opportunities and risks, and align the structure and strategy of the portfolio accordingly.

Involving employees plays a crucial role here – only with their input is it possible to monitor our environment and derive relevant cutting-edge trends. This is the reasoning behind the company-wide innovation platform NEXT+: Here, employees can submit ideas and thus jointly shape the future of the company. In addition, they have the opportunity to share and discuss information on relevant trends, key technologies, and tipping points across departments with the organization on the platform. Tipping points were defined to aid strategic control. They are the result of regular analyses of the environment and show how IAV's environment will change fundamentally and what needs to be addressed. In the Specialists' Conference 2022, the most important tipping points were prioritized together with more than 100 specialists.

Within the context of sustainability, for example, the following picture emerges for the Powertrain portfolio: Fossil fuels are becoming more expensive, while the competitiveness of low-emission alternatives – also by means of subsidies or CO<sub>2</sub> taxes – is increasing. To meet climate targets, CO<sub>2</sub> emissions will have to be significantly reduced further. Vehicle manufacturers must develop strategies to achieve this, not least because of the increasingly stringent fleet emission limits. At the same time, end customer demand is shifting toward sustainability in mobility, with younger generations in particular demanding appropriate products.

**In 2022, IAV shared the company's knowledge on future trends and scenarios with the public for the first time in a Futurebook. Find out more on what changes are going to be necessary in business and society with the increasing impact of acute climate events.**

IAV supports vehicle manufacturers and suppliers in this process and offers solutions that combine sustainability with innovative technologies. Political requirements, such as the EU hydrogen strategy and the European Green Deal, are also driving the development towards sustainable, climate-neutral mobility. For IAV, sustainability does not end with the engineering of alternative drive options, but is considered over the entire life cycle.



IAV portfolio

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## 5.2 Environmental management at IAV

At IAV, the careful use of resources with as little waste as possible and the avoidance of environmental pollution are in line with economic success. All employees bear responsibility for this and receive the necessary information and training, e.g., as part of the basic sensitization to the environmental management system, so that they can meet their task-specific obligations to protect the environment.

IAV's aspiration is to use innovative and environmentally friendly methods throughout the company when providing services and to identify and exploit potential for saving resources and improving energy efficiency in the operation of buildings, plant, and vehicles throughout their life cycle. Relevant environmental aspects and potential environmental impacts are therefore taken into account at an early stage in investment decisions. To lend weight to these efforts and continuously manage and improve their results, IAV has been operating an environmental management system in accordance with DIN EN ISO 14001:2015 as part of its integrated management system since 2018. The system was successfully recertified in 2022 at IAV GmbH and IAV Fahrzeugsicherheit GmbH & Co. KG and will continue to be monitored externally on an annual basis as part of surveillance and recertification audits. Environmentally conscious action is thus an integral part of IAV's corporate philosophy. Compliance is monitored by an independent and accredited certification company and additionally by IAV's internal audit management with the help of equally independent internal auditors. Compliance and on-site audits are further tools used to verify compliance with environmental requirements.

Separate IAV guidelines and procedures exist for waste management, hazardous substances management and the handling of substances hazardous to water. In addition to the main statutory requirements, these also contain internal regulations going beyond these and concrete specifications for implementing the requirements. These documents are anchored in the central environmental management system process and are reviewed at least once a year together with the process to ensure that they are up to date, complete and appropriate, and, if necessary, adapted. The process and the guidelines are valid according to the respective scope of the certification. Requirements that are not directly addressed in the management system process are implemented in the relevant processes in the IAV process landscape (e.g., procurement, storage of hazardous substances, etc.), which are also subject to the mandatory annual review cycle.

## Environmental targets

On the basis of the corporate strategy and the analysis of the main environmental aspects of its business activities, IAV defines environmental targets which are confirmed at the management review held at least once a year. Their achievement is monitored and any necessary adaptations are then initiated.

Since 2018, IAV has been pursuing a target within the scope of certification of the environmental management system to cover all electricity consumption exclusively with renewable energies. IAV GmbH reached this target in 2022. Complete implementation for IAV Fahrzeugsicherheit GmbH & Co. KG is scheduled for 2023. This means IAV has taken a key step toward decarbonizing its own business processes while at the same time making an important contribution toward global environmental and climate protection. In order to drive these efforts forward, IAV intends to continuously reduce the CO<sub>2</sub> emissions of its own business processes. As part of the pursuit of these goals, there are plans to initiate measures in the field of building efficiency and to increase the use of renewable energy sources.

Another environmental goal pursued since the introduction of the environmental management system is the zero-accident strategy, under which the damage caused by such incidents and for which IAV is responsible is to amount to zero euros in any given year. In spite of two major incidents of damage, this goal was again achieved in 2022 because the installed protection systems worked as intended. In addition, there are further environmental targets relating to the qualification of certain groups of employees on the subject of environmental management and the assessment of IAV by customers with regard to environmental and sustainability issues.

The overarching goals are supplemented by site-specific goals for which the responsible site managers are responsible and which are monitored by central environmental management. The site-specific targets supplement and support the company-wide environmental targets. In the future, not only site-specific targets but also position and departmental environmental targets are to be agreed on and pursued.

## 5.3 Continuous environmental aspect analysis

IAV operates a wide range of testing facilities, computer capacities, and vehicles and manages several 10,000 square meters of office and workshop space. The environmental influences and impacts to be taken into account are examined on a risk basis as part of a continuous environmental aspect analysis. For particularly relevant environmental aspects, IAV defines appropriate measures to avoid or reduce risk and monitors their effectiveness with the help of suitable key figures. Risk assessment is determined on the basis of a weighted evaluation of the four dimensions of probability of occurrence, potential extent of damage, legal relevance, and influenceability. The environmental aspect analysis is updated at least once a year and as required. The indicators are documented by the central environmental management department. The figures for this report cover the environmental performance of IAV GmbH and IAV Fahrzeugsicherheit GmbH & Co. KG and were determined as of February 28 of the following year.

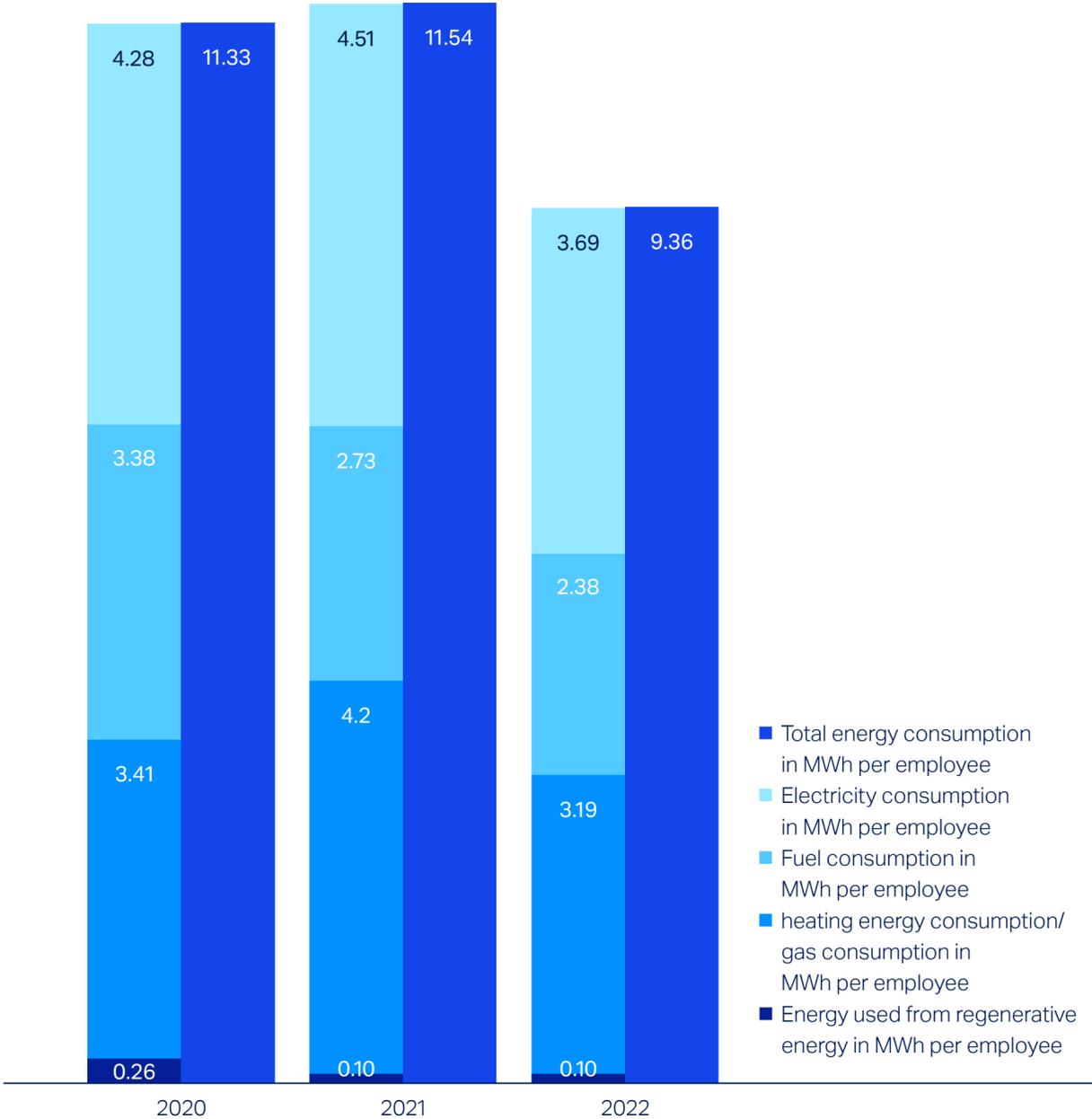


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## Energy consumption



### Energy efficiency

For 2022, total energy consumption amounts to around 67,217 MWh (2021: 82,149 MWh). The largest share of this at around 39 % (2021: 39 %) is accounted for by electric power, followed by around 34 % (2021: 37 %) to cover the energy demand for air conditioning of buildings and conditioning of test rigs. The remaining 27 % (2021: 24 %) is accounted for by fuels used to operate fleet, departmental and project vehicles, company cars, and engine test rigs.

Around 1 % of the total energy demand in 2022 (2021: 1 %) and about 3 % (2021: 2 %) of the total electricity demand could be covered by feeding energy back into IAV's internal grid from the engine test rigs as well as installed photovoltaic systems. Based on IAV's workforce, this results in a specific total energy consumption of 9.36 MWh/employee for 2022 (2021: 11.54 MWh/employee). Cooling energy and steam energy requirements are not currently calculated separately and are included in the previously mentioned values. Around 19 MWh were fed into the public grid in the reporting period.

The development of energy consumption in comparison to 2021 in the area of electrical energy is mainly attributable to measures taken to mitigate the sharp rise in energy prices in 2022. In particular, further measures were implemented to improve energy efficiency in the office and technical areas and to decommission unnecessary equipment.

The development of heating energy consumption can be explained by the consistent implementation of measures to address the impending gas shortage. These include lowering office room temperatures as far as legally possible, reducing supply temperatures where feasible in terms of the processes, and decommissioning partial areas, combined with concentrating employees in the remaining offices.

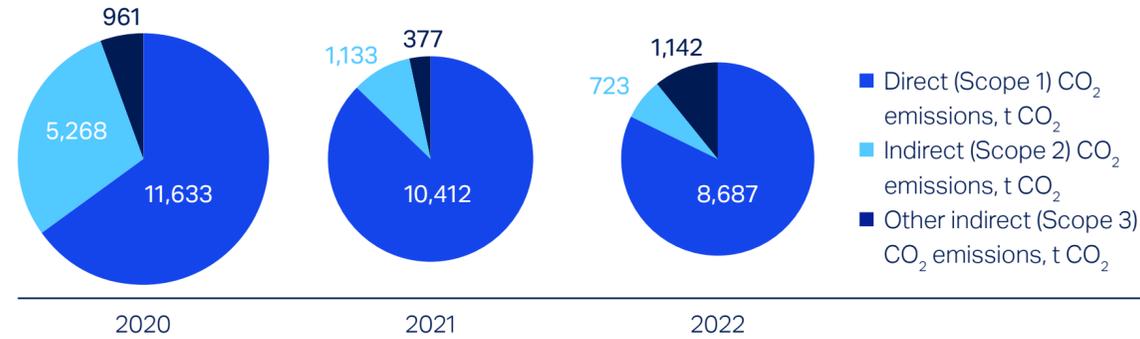
In the engine test bench area, the trend of previous years also continued in 2022: In other words, the corresponding emissions from the combustion of fuels are also declining due to a further reduction in order volume.

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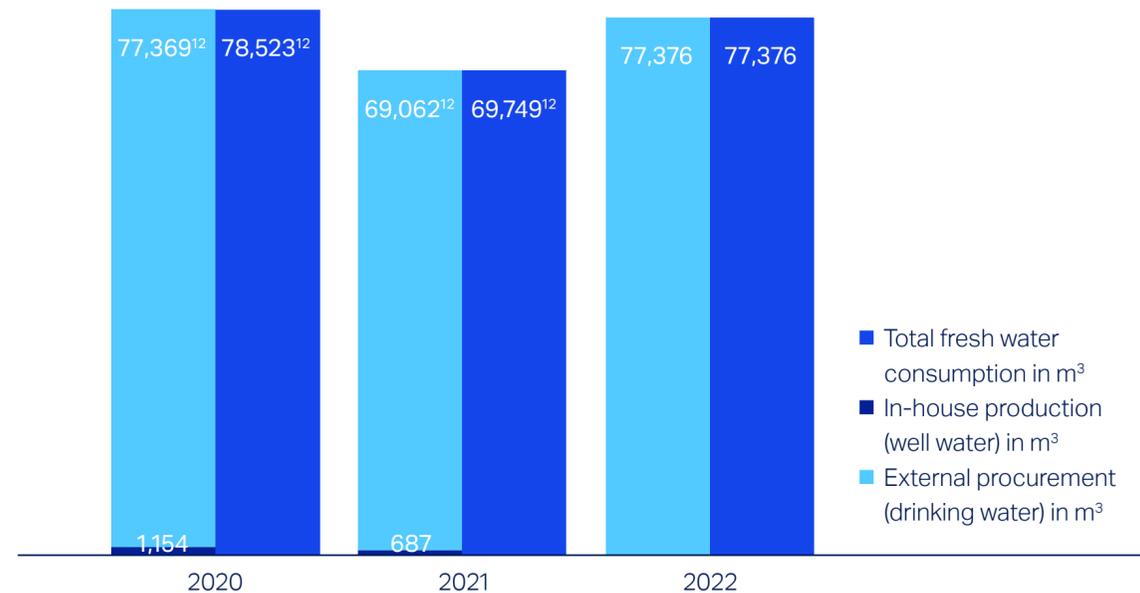


# 5 | Responsibility for the environment

## CO<sub>2</sub> emissions



## Water and sewage



## Reduction of emissions

The accounting of CO<sub>2</sub> emissions currently covers Scope 1 and 2 as well as the topic area “business travel” from Scope 3 in accordance with the Greenhouse Gas Protocol.

In Scope 1, emissions are mainly caused by the operation of engine test benches, the vehicle fleet, and natural gas consumption for the generation of heating and process energy. The vehicle fleet includes fleet, service, departmental, and project vehicles, provided that the corresponding consumption is recorded using fuel cards. Scope 2 emissions result from the purchase of district heating and electrical energy, provided that the corresponding tariffs are not green electricity tariffs. Only the “business travel” dimension is currently taken into account when determining scope 3 emissions.

Overall, IAV generated emissions of approximately 10,551 t CO<sub>2</sub> in 2022 as a result of its own business processes in the aforementioned accounting scope. The corresponding figure for 2021 is around 11,921 t CO<sub>2</sub>. Based on the workforce, this results in specific CO<sub>2</sub> emissions of 1.67 t/employee for 2021 and 1.47 t/employee for 2022. In 2022, the emissions are distributed 82 % (2021: 88 %) to Scope 1, 7 % (2021: 9 %) to Scope 2 and 11 % (2021: 3 %) to Scope 3.

The further reduction in CO<sub>2</sub> emissions in Scopes 1 and 2 in 2022 is attributable to the reduced consumption of fuels and heating materials. The rise in emissions in Scope 3 in 2022 is due to the increase in business travel as a result of most of the protective measures from the pandemic being lifted. Nevertheless emissions are still considerably lower than the level before the coronavirus pandemic (2019: 30,506 t CO<sub>2</sub>).

## Water and sewage

IAV’s business model is characterized overall by low water requirements. None of the properties is located in an area of water stress.

For 2022, total water consumption amounts to approximately 77,376 m<sup>3</sup> (2021: 69,749 m<sup>3</sup>). Based on IAV’s workforce, this results in a specific total water consumption of 10.77 m<sup>3</sup>/employee for 2022 (2021: 9.67 m<sup>3</sup>/employee). The water was purchased exclusively from the municipal waterworks. There was no use of surface water, rainwater, or wastewater. The water discharged to the atmosphere via the cooling towers, wet separators, and evaporative cooling systems is currently not delimited. Therefore, the values for fresh water withdrawal and wastewater recirculation are the same.

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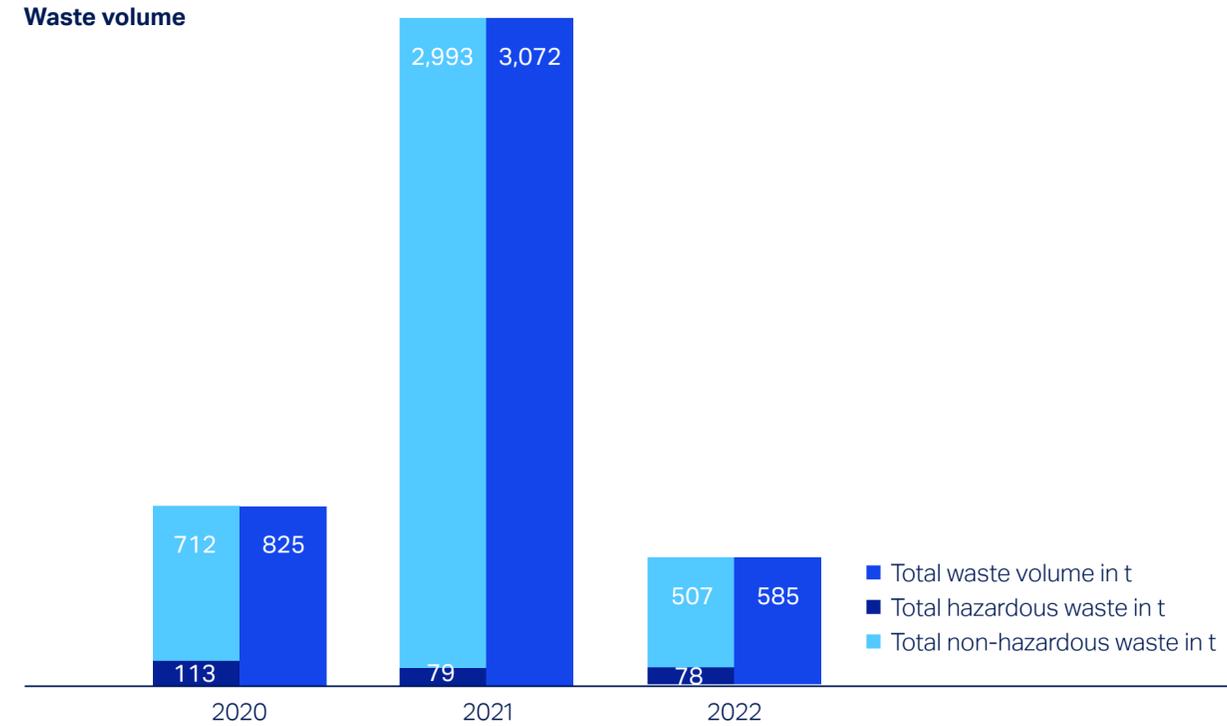


# 5 | Responsibility for the environment

## Waste

As a matter of principle, waste is collected separately in compliance with statutory requirements (Closed Substance Cycle Waste Management Act, Ordinance on Waste Recovery and Disposal, Commercial Waste Ordinance) wherever this is technically and economically feasible and then disposed of properly. IAV GmbH and IAV Fahrzeugsicherheit GmbH & Co. KG have appointed a waste management officer. It informs management, site managers, and other employees involved in waste management about existing, amended, and new waste legislation requirements, consults with them on the need for and options for separating, collecting, and disposing of waste generated, and prepares an annual report. In accordance with the waste hierarchy laid down in the Closed Substance Cycle Waste Management Act, reuse, processing for reuse and material recycling are given preference over thermal recycling or disposal. Transport and disposal are carried out by certified disposal companies. The actual implementation of disposal is documented by appropriate evidence. Waste requiring verification was disposed of exclusively in the collective disposal procedure in 2022.

For 2022, total waste volume amounts to around 585 t (2021: 3,076.26 t). Here, just under 87 % (2021: 97 %) is attributable to non-detectable waste and correspondingly 13 % (2021: 3 %) to waste requiring verification. In 2022, all non-detectable waste and about 38 % (2021: 66 %) of hazardous waste could be recycled or incinerated as defined by the Closed Substance Cycle Waste Management Act. This does not take into account the proportion of waste that was collected in mixed form, sorted in a waste pretreatment facility and subsequently assessed as non-recyclable, as no suitable data is available for this. Based on the IAV workforce, this results in a specific total waste volume of 0.08 t/employee for 2022 (2021: 0.43 t/employee). The development in total waste volumes can basically be explained by the general workforce trend.



## Information requirements

As a result of consistently carried out planning, operation, maintenance, and inspection of operational facilities with a focus on safety and environmental protection, there were no significant and reportable leaks of hazardous or water-polluting substances in the reporting period. There were also no reportable incidents within the meaning of Annex 2 to the Dangerous Goods Officer Ordinance in the period under review. IAV has defined processes for transporting hazardous goods. To ensure and review compliance with applicable internal and external regulations as well as for further development, IAV GmbH and IAV Fahrzeugsicherheit GmbH & Co. KG have a hazardous goods officer. Employees involved in the transport of dangerous goods are instructed in accordance with their tasks and activities, supervised by the dangerous goods officer and supported in carrying out dangerous goods transports.

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# 6 | Responsibility for society

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## 6 | Responsibility for society

### Digital Lab and WonderVision

#### Powerful vision for unique inclusion

Thinking, anticipating, imagining: There's just one direction for IAV's Digital Lab – the future. As the in-house digitalization and innovation hub, it networks people and technologies to discover new ideas, develop them fast – and then focus on getting them started. Best example: WonderVision – something that uses technology to strengthen independent mobility for the visually impaired. Typically IAV.

Tasks, meetings, deadlines, budgets: Busy day-to-day life within a project hardly offers the freedom to step back and think differently, leave pigeonholes behind, really think outside the box, and perhaps end up finding the unexpected closer than you thought.

But that's what it needs to make progress as a tech solution provider and actively help shape the technological transformation. Because in fact: Change is the only constant. In the environment and society. In markets and companies. Innovations change speeds and call for new solutions. Better sooner than later.

That's why, over the last six years, IAV has been counting on its Digital Lab, a kind of think tank that not only sees itself as a game changer and pacesetter, but above all as an innovation driver. An innovation driver that brings technology to life across divisions. That motivates and inspires – all IAV employees.

Innovation campaigns, which the digitalization hub calls for twice a year, are the driving force behind all the thinking; initially, the hub presents the campaigns on the social innovation platform NEXT+. In terms of content, the campaigns primarily cover topics from technical areas.

#### From the idea to the innovation

The IAV division and project managers are very close to the customer and therefore know exactly who is currently concerned about what, where the greatest challenges lie, and how the most interesting markets look. Because innovations from the Digital Lab are not following an end in themselves. They are following a need.

Once the campaign has started, IAV employees submit potential ideas which, after a certain time, interested NEXT+ users can comment on and like. Then a specialist panel of around 60 to 70 IAV experts from the IAV Innovation division and Business Development makes a detailed assessment and paves the way for the ten most promising ideas into the "IAV lions' den."

This is where the internal idea suppliers pitch their conceptual approach on a large digital IAV stage with everything that that entails: a five-minute presentation, five minutes of questions from the audience and the jury who ultimately make the decision as to which of the ideas are strong enough for a trial sprint. Because that means time and money.

The trial sprints in the Digital Lab, which last four to six weeks, lead to initial results which again go through reviews in pitch format until they get the thumbs up from the jury. Go for proof of concept (PoC)!

All the signs now point to concept development, once again in the Digital Lab and once again with its creative support in the form of coaching sessions, agile forms of working, and smart design thinking methods. The idea suppliers even have their own budget and team that they put together themselves – focus: interdisciplinary and cross-divisional. A fundamental success factor for the Digital Lab.

The aim of the six- to nine-month PoC phase is basically clear: Don't talk, get on with it! Think boldly, work efficiently, get to the point, and prove conclusively that the idea has what it takes to inspire markets, partners, and customers. Just like WonderVision.

#### From the mission to the vision

WonderVision came about because of an innovation campaign that focused on the corporate mission statement: "How can IAV move the world for the better with its technological know-how?" This in turn gave a colleague from the Digital Lab the idea of "using technologies from transport mobility for personal mobility too."

Specifically: for the visually impaired. If a company like IAV can safely guide autonomous vehicles through a city, then surely they can also get "autonomous" people to the right track at a central station. An idea that is as simple as it is brilliant. Generally, WonderVision works as a purely digital solution which can be integrated barrier-free in existing apps, such as those of local transport providers, airlines as well as operators of event locations.

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This means that visually-impaired people need a smartphone with a camera that can record the environment, in other words signs, texts, and objects. In turn, WonderVision is capable of interpreting the collected data and then giving precise instructions thanks to integrated artificial intelligence. Navigation is taken care of by voice output: "Go ten steps forwards and then take two steps to the left ..."

Speaking of which: To ensure WonderVision was a fit-for-purpose development, the project team engaged visually-impaired people, including from the German Federation of the Blind, in the trial sprint. A clever decision! Because it turned out that the voice output was too slow as the visually impaired hear three times as quickly as people without visual impairment.

Mission accomplished: The proof of concept from the Digital Lab is now the responsibility of the employees from Autonomous Driving who are substantiating the business model for WonderVision and finalizing it for the market launch. A vision for inclusion. Wonderful!

## What is that?

**The Digital Lab makes space for the future. Creatively. Intuitively. And always effectively. How? Well, like this, ...**

### Crunchcamp

**What?** 3- to 5-day IAV work meeting (hybrid) of an interdisciplinary, location-independent team that works on a specific project in a targeted manner and in the process uses agile forms of working such as mini-sprints.

**Why?** Strengthens the team spirit and increases work efficiency as there are no disturbances from everyday working.

### Hackathon (combination of "hack" and "marathon")

**What?** 2- to 3-day IAV workshop (offline) of a small, mostly cross-functional team of developers who collaboratively solve a specific task (hardware and software).

**Why?** Increases creativity and accelerates solution finding as the focus is on one central topic.

### Digital Couch Talk

**What?** 30-minute impulse presentations (online) by creative IAV minds.

**Why?** Provides new food for thought, whether through provocative titles, topics, or theses.

### Digital December

**What?** 12-day IAV event (hybrid) in and from Berlin, including among other things tech symposiums, spotlight and focus sessions, or tech bites.

**Why?** Makes the digitalization process at IAV transparent and promotes the internal knowledge and experience exchange.



#### Good to know

In Germany alone, there are around 1.2 million blind and visually-impaired people.



#### Takeaways

As a leading tech solution provider, IAV demands and promotes digital transformation, also with the company's internal Digital Lab.

The Digital Lab sees itself not only as a game changer and pacesetter, but above all as an innovation driver that motivates and inspires.

The Digital Lab brings technology to life for all IAV employees. Cross-divisionally.

WonderVision, an innovation from the Digital Lab, creates inclusion for visually-impaired people, thus also underlining IAV's guiding principle of using technology to move the world for the better.

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# 6 | Responsibility for society

## 6.1 The future of mobility

Societal developments such as environmental and climate protection, the conflict between urbanization and the demand for basic subsistence in rural areas, demographic change and the government's desire to regulate will determine the future of mobility.

Changes in mobility are already being felt by operators of fleets in local public transport (LPT) and logistics as well as infrastructure sectors. Fleets must be operated in a climate-neutral and locally emission-free manner in order to meet increasingly demanding environmental targets worldwide. Due to demographic change, the availability of qualified drivers is limited. Comfort expectations are increasing with high cost sensitivity. The demand for mobility is growing while the transport infrastructure is outdated. Despite the difficult framework conditions, the mobility offer in urban and municipal areas must be ensured.

To meet these challenges, IAV is developing an understanding of the entire value chain of mobility concepts and is building a partner network to cover this chain in its entirety. The goal is clearly defined: IAV offers clients solutions for the entire mobility ecosystem.

As part of a mobility strategy, the mobility portfolio is continuously expanded and professional framework conditions are created for sustainable success. The Business Development department manages and coordinates activities in close cooperation with the organizational units.

To this end, mobility officers have been appointed to help shape the implementation plans in their cross-divisional function. IAV derives various mobility initiatives from the mobility strategy. A mobility platform for on-demand offers was the focus in the reporting year.

### Mobility platform for on-demand offers

As a systems integrator, IAV develops the IAV mobility platform for on-demand offers in both urban and rural areas that enables access to various mobility services. The platform combines high-performance public transport with individualized services, is geared to users' needs, and is intended to develop as an alternative to private motorized transport in the long term.

IAV tests the mobility platform including booking platform and tries out user applications. The focus is on the functionality and usability of the user interface. The aim is flexible, demand-oriented public transport. Cab and shared bus rides by private local companies can also be integrated.

Since the start of 2022, the IAV mobility platform has been in operation for the "ERZmobil" in the town of Zwönitz in the Erzgebirge mountains, and has already been able to arrange many trips. IAV is continuously developing the offer and operates the platform as a service within the digitalization strategy of the town of Zwönitz.

### The IAV mobility platform consists of three modules:

- An app for users which stores users' travel requests as part of the town's offer
- A central scheduling service that matches the users' wishes with the available resources and optimizes them
- An app for the drivers of the vehicles that can display desired trips and thus control vehicle deployment

The IAV mobility platform is a universally usable software service that is currently being piloted in Zwönitz and which is being further developed for deployment in other locations.



Together with partners from science and industry, IAV develops solutions in many projects that will shape the mobility of tomorrow and beyond.

Such projects for the future are co-financed with public funds from the federal government and the EU. In total, IAV projects were supported with €1.6 million in 2022 (2021: €2.4 million). Publicly funded research and development projects make a significant contribution to society's technological progress, strengthen existing industries and support the development of new future industries. IAV uses these projects to expand its expertise in order to secure its lead in know-how for the future. Research and development is currently focusing on the future fields of digitalization, automated driving, and electromobility.

Find out more about which research projects IAV is currently involved in.

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# 6 | Responsibility for society

## 6.2 Sponsorship and donations

IAV also takes its value proposition “We take responsibility” seriously in social terms and supports projects, groups, organizations, and events in the form of cash, non-cash contributions, and services.

The established donations and sponsoring concept provides clear guidelines to ensure transparency in awarding contracts and to rule out any conflicts of interest. On this basis, each request is evaluated by an independent board within the company. IAV does not initiate any donations or sponsoring measures that could damage IAV’s reputation. Donations and sponsorship to bring about a specific decision, for example commissioning by a client or for political, religious, or ideological purposes, are explicitly prohibited.

In IAV’s understanding, donations are not sponsoring, as the donation is given without direct (contractual) consideration, usually for social purposes, disaster relief, etc. The allocation of donations is regulated in IAV’s sponsoring concept and goes through the same process. Membership contributions do not come under the heading of sponsoring and are managed in a separate decision-making process.

### Examples of sponsoring

IAV sponsors a wide range of events and activities. Sponsoring focuses on enthusiasm for technology and mobility. The main target group is students, whom IAV supports in projects that help them advance research and development while giving them the opportunity to gain practical experience.

### Examples of donations

IAV has an annually defined budget to support social projects. In 2022, the total amount was €80,000 (2021: €5,000). Since 2018, a defined amount has been divided equally among the five most important regions for IAV: Berlin, Gifhorn, Chemnitz/Stollberg, Munich/Ingolstadt, and Sindelfingen/Stuttgart. The selection of projects supported by IAV was made by the respective works council in consultation with management. In 2022, the focus was on organizations that care for the homeless and the needy and sick. These included an association that organized meals for the homeless, hospices and nursing care, neighborhood watch, and an organization that cares for victims of sexual violence.



### University projects

#### Formula Student

Teams of international students build a race car and compare their results at the Hockenheimring.

#### Carolo Cup

Students build an autonomous vehicle that is as inexpensive and energy-efficient as possible and that can be navigated through a course as error-free as possible.

#### German finals of the World Robot Olympiad (WRO)

Children and adolescents aged 8–19 have their robots compete against each other in teams.

#### Deep Learning Lab at the TU Braunschweig university

Students in the field of artificial intelligence deepen their expertise in pattern recognition with practical application and a subsequent competition.

#### Sponsoring student-organized symposia or student council evenings

As an international player, IAV is also aware of its social responsibility outside Germany. This is why, in 2022, the company donated €75,000 to the joint project of Bündnis Entwicklung Hilft e. V. and Aktion Deutschland Hilft e. V. to support the people in Ukraine who are suffering hardship as a result of the war.

Formula Student, Hockenheimring  
©FSG; Photographer: Paul Seizinger

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# 7 | Sustainability indicators

IAV uses the following sustainability indicators to make IAV performance and progress measurable and transparent in the context of sustainable development. The indicators apply in each case to the calendar year specified and relate to IAV GmbH. Additionally, the environmental performance of IAV Fahrzeugsicherheit GmbH & Co. KG is listed in the "Responsibility for the environment" section. The IAV Group is listed in the "Responsibility for our business" section.

Selected sustainability indicators marked with the symbol "✓" were subjected to a voluntary audit with limited assurance by an independent auditing firm. The auditor's note can be found on pages 49.

- ✓ Adoption of the indicator from the audited annual financial statements 2022 of the IAV Group
- ✓ The indicator 2022 was subjected to a voluntary audit by an external auditing company to obtain limited assurance

## Responsibility for our business

### Key financial figures IAV Group

	Unit	2020	2021	2022
Total revenues ✓	€ million	923.3	883.4	908.4
Material usage ✓	€ million	66.2	54.0	76.3
Operating profit ✓	€ million	12.4	22.9	24.6
Return on sales ✓	%	0.6	2.5	2.4



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## Responsibility for our employees

### Number of employees<sup>1</sup>

	Unit	2020	2021	2022
Workforce	Number	7,573	7,055 ✓	7,025 ✓
Full-time employees	Number	6,386	5,987 ✓	5,900 ✓
Female	Number	768	708 ✓	733 ✓
Male	Number	5,618	5,279 ✓	5,167 ✓
Part-time employees	Number	710	722 ✓	775 ✓
Female	Number	399	400 ✓	412 ✓
Male	Number	311	322 ✓	362 ✓
Non-binary	Number	–	–	1 ✓
Students	Number	477	346 ✓	350 ✓
Female	Number	125	93 ✓	88 ✓
Male	Number	352	253 ✓	262 ✓

### Employees on parental leave<sup>2,3</sup>

	Unit	2020	2021	2022
Total employees on parental leave	Number	539	508 ✓	500 ✓
Female	Number	77	87 ✓	77 ✓
Male	Number	462	421 ✓	423 ✓

### Retention of employees<sup>2</sup>

	Unit	2020	2021	2022
Average length of service	Year	9.3	10.4 ✓	10.7 ✓
Staff turnover rate	%	4.9	8.4 ✓	8.4 ✓
Employee satisfaction <sup>4</sup>	Index	75.2	73.6 ✓	73.8 ✓

### Qualification of employees<sup>5</sup>

	Unit	2020	2021	2022
Qualification	Number	114,523	100,614 ✓	96,402 ✓
Average qualification time per employee	Hours	15.0	17.2 ✓	16.2 ✓

### Proportion of women

	Unit	2020	2021	2022
Proportion of women in the workforce	%	17.1	17.0 ✓	17.6 ✓
Proportion of women in management positions	%	5.7	6.0 ✓	6.7 ✓

### Age structure<sup>1</sup>

	Unit	2019	2020	2021
< 30	%	10.3	7.4 ✓	7.4 ✓
30–39	%	44.5	42.3 ✓	39.6 ✓
40–49	%	25.2	28.3 ✓	29.7 ✓
> 50	%	20.0	22.0 ✓	23.3 ✓

### Intercultural workforce

	Unit	2020	2021	2022
Nationalities	Number	72	70 ✓	73 ✓

### Occupational health

	Unit	2020	2021	2022
Accident rate per 1,000 employees <sup>6</sup>	Number	2.0	1.8 ✓	1.5 ✓

<sup>1</sup> At the end of the year under review (Dec. 31).

<sup>2</sup> Full- and part-time employees.

<sup>3</sup> Number of employees who took parental leave in the reporting year.

<sup>4</sup> Global index from standard questions 1–23 of the company-wide employee survey.

<sup>5</sup> Expansion of the indicator to include mandatory training courses.

<sup>6</sup> Number of occupational accidents with at least 3 lost days per 1,000 full-time employees.

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## Responsibility for the environment

### Energy

	Unit	2020	2021	2022
Total energy consumption	MWh	88,326	82,149 ✓	67,217 ✓
	MWh/employee	11.33	11.54 ✓	9.36 ✓
Total electricity consumption	MWh	33,140	32,097 ✓	26,514 ✓
	MWh/employee	4.28	4.51 ✓	3.69 ✓
Electricity consumption from renewable sources <sup>7</sup>	MWh	27,090	31,761 ✓	26,455 ✓
Electricity consumption from non-renewable sources	MWh	6,050	336 ✓	59 ✓
Total fuel consumption	MWh	26,149	19,462 ✓	17,061 ✓
	MWh/employee	3.38	2.73 ✓	2.38 ✓
Fuel consumption from renewable sources	MWh	158	72 ✓	0 ✓
Fuel consumption from non-renewable sources	MWh	25,991	19,390 ✓	17,061 ✓
Total heating energy consumption/gas consumption	MWh	27,007	29,913 ✓	22,931 ✓
	MWh/employee	3.41	4.20 ✓	3.19 ✓
Energy used from regenerative energy <sup>8</sup>	MWh	2,029	677 ✓	711 ✓
	MWh/employee	0.26	0.10 ✓	0.10 ✓

### CO<sub>2</sub> emissions

	Unit	2020	2021	2022
Total CO <sub>2</sub> emissions	t	17,862	11,921 ✓	10,551 ✓
	t/employee	2.31	1.67 ✓	1.47 ✓
Direct (Scope 1) CO <sub>2</sub> emissions <sup>9</sup>	t	11,633	10,412 ✓	8,687 ✓
Indirect (Scope 2) CO <sub>2</sub> emissions <sup>10</sup>	t	5,268	1,133 ✓	723 ✓
Other indirect (Scope 3) CO <sub>2</sub> emissions <sup>11</sup>	t	961	377 ✓	1,142 ✓

### Water and sewage

	Unit	2020	2021	2022
Total fresh water consumption	m <sup>3</sup>	78,523 <sup>12</sup>	69,749 <sup>12</sup> ✓	77,376 ✓
	m <sup>3</sup> /employee	10.70 <sup>12</sup>	9.67 <sup>12</sup> ✓	10.77 ✓
In-house production (well water)	m <sup>3</sup>	1,154	687 ✓	0 ✓
External procurement (drinking water)	m <sup>3</sup>	77,369 <sup>12</sup>	69,062 <sup>12</sup> ✓	77,376 ✓
Total volume of wastewater	m <sup>3</sup>	78,523 <sup>12</sup>	69,749 <sup>12</sup> ✓	77,376 ✓
	m <sup>3</sup> /employee	10.70 <sup>12</sup>	9.67 <sup>12</sup> ✓	10.77 ✓

### Waste

	Unit	2020	2021	2022
Total waste generation	t	825	3,072 <sup>13</sup> ✓	585 ✓
	t/employee	0.11	0.43 ✓	0.08 ✓
Total hazardous waste	t	113	79 ✓	78 ✓
Hazardous waste for disposal	t	44	26 ✓	48 ✓
Hazardous waste for recycling	t	68	53 ✓	30 ✓
Total non-hazardous waste	t	712	2,993 ✓	507 ✓
Non-hazardous waste for disposal	t	0	0 ✓	0 ✓
Non-hazardous waste for recovery	t	712	2,993 ✓	507 ✓

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## Responsibility for society

### Social contribution

	Unit	2020	2021	2022
Public support in IAV R+D projects	€ million	3.1	2.4	1.6 ✓
Promotion of social projects (donations)	€	5,000	5,000	80,000 ✓

<sup>7</sup> Electricity from own generation (solar plants) and external procurement, based on supply contracts and certificates of origin.

<sup>8</sup> Energy is fed back through recuperation at the brakes of the roller and engine test stands. The regenerated energy always remains in the IAV grid. As a rule, energy is not fed back into the public grid.

<sup>9</sup> The following emission factors were used to calculate direct CO<sub>2</sub> emissions from combustibles and fuels: Data from the German Federal Motor Transport Authority and the Forschungsstelle für Energiewirtschaft e. V.

<sup>10</sup> The following emission factors were used to calculate indirect CO<sub>2</sub> emissions: District heating (data provided by network operators or recent figures from the German Energy Agency); electricity (legally required electricity labeling of energy supply companies); auto electricity (latest available figures from the federal electricity mix).

<sup>11</sup> The figure includes business travel by air, rental car, and local and long-distance Deutsche Bahn AG transport. Business trips made using IAV vehicles are included in Scope 1.

<sup>12</sup> Adjustment of the value due to subsequent reports.

<sup>13</sup> Singular construction measure due to demolition work at the Heimsheim site.

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## About this report

[2-3] [2-14] IAV's 2022 Sustainability Report provides information on its activities and progress within the context of sustainable development. The reporting period begins on January 1, 2022 and ends on December 31, 2022. The editorial deadline was May 30, 2021.

The core statements in this report refer to IAV GmbH; deviating observations are indicated at the appropriate point.

The Sustainability Report 2022 was prepared on behalf of the IAV Group's Management Board. After careful review by all responsible parties, the contents of the report were approved by the Management Board.

IAV has been publishing a sustainability report since 2017. The latest report relates to fiscal 2021 and was published in June 2022. All reports are available online as PDFs in German and English (www.iav.com).

## Reporting standard

[2-5] The Sustainability Report 2022 was compiled in accordance with the standards of the Global Reporting Initiative (GRI) in the option "in reference." Both IAV GmbH and the IAV Group were not subject to the reporting obligation pursuant to Section 289b of the German Commercial Code (HGB) on non-financial reporting in fiscal 2022.

IAV is committed to the ten principles of the UN Global Compact. The GRI Content Index therefore also indicates which of the GRI indicators answered simultaneously cover one or more of the principles of the UN Global Compact.

## Provisions of the report content

[2-4] [3-1] The report content was determined in accordance with the GRI standards on the basis of a materiality analysis. Information on how this was carried out can be found on page 11. A management approach is presented for each material topic and its effectiveness is assessed using relevant performance indicators and examples of implementation. The reporting is based on existing reporting structures and indicators.

## Legal notes

Insofar as statements are made about IAV's future development, these are based on information and forecasts available at the time of publication. These statements are subject to known and unknown risks and uncertainties, so that actual developments may differ from expectations. This report is published on May 31, 2023 and is entitled IAV Sustainability Report 2022.

## Abbreviations

GRC	Governance, Risk, and Compliance
IAA	Institute of Internal Auditors
ESG	Environment, social, governance
GRI	Global Reporting Initiative
CMS	Compliance management system
DCGK	German Corporate Governance Code
tCompliance	Technical compliance
TISAX	Trusted Information Security Assessment Exchange
ICS	Internal control system
Employee	Employee
LPT	Public transport

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# GRI index

## General information

GRI standard	Description	Page	Comment	UN Global Compact principles
GRI 1	Foundation 2021			
GRI 2	General Disclosures 2021			
<b>The organization and its reporting practices</b>				
2-1	Organizational profile	5		
2-2	Entities included in the organization's sustainability reporting			
2-3	Reporting period, frequency, and contact point	45, 50		
2-4	Restatements of information	45		
2-5	External assurance	45		
<b>Activities and workers</b>				
2-6	Activities, value chain, and other business relationships	5, 7, 15		
2-7	Employees	5	No complete differentiation by all categories: Information is not material.	
2-8	Workers who are not employees	5		
<b>Corporate governance</b>				
2-9	Governance structure and composition	5 – 6		
2-10	Nomination and selection of the highest governance body	5 – 6		
2-11	Chair of the highest governance body	5 – 6		
2-12	Role of the highest governance body in overseeing the management of impacts	6, 10		
2-13	Delegation of responsibility for managing impacts	6, 8, 10		
2-14	Highest governance body's role in sustainability reporting	45		
2-15	Conflicts of interest	17		
2-16	Communicating critical concerns	19		
2-18	Evaluation of the performance of the highest governance body	6		

## Strategy, policies, and practices

2-22	Statement on sustainable development strategy	3, 10	
2-23	Policy commitments	6, 8, 17, 19	1-10
2-24	Embedding policy commitments	16, 19	
2-25	Processes to remediate negative impacts	17	
2-26	Mechanisms for seeking advice and raising concerns	27	10
2-27	Compliance with laws and regulations	33 – 34	1-10
2-28	Membership of associations	10	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	10	
2-30	Collective bargaining agreements	24	3

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# GRI index

## GRI 3: Material Topics

GRI standard	Description	Page	Comment	UN Global Compact principles
GRI 3	Material Topics 2021			
3-1	Process to determine material topics	5, 10, 11		
3-2	List of material topics	11		

## GRI 200: Economic

GRI standard	Description	Page	Comment	UN Global Compact principles
GRI 201	Economic Performance 2016			
3-3	Management of material topics	11		
201-1	Direct economic value generated and distributed	5		
201-4	Financial assistance received from government	38		
GRI 205	Anti-corruption 2016			10
3-3	Management of material topics	11		
205-1	Operations assessed for risks related to corruption	16 – 17	No indication of the risks identified: Information is confidential.	
205-2	Communication and training about anti-corruption policies and procedures	17	Training on the Code of Conduct and the SpeakUp system is mandatory for all.	
205-3	Confirmed incidents of corruption and actions taken	17		
GRI 206	Anti-competitive Behavior 2016			10
3-3	Management of material topics	11		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	17		

## GRI 300: Environmental

GRI standard	Description	Page	Comment	UN Global Compact principles
GRI 302	Energy 2016			7, 8, 9
3-3	Management of material topics	11		
302-1	Energy consumption within the organization	32		
302-3	Energy intensity	32		
302-4	Reduction of energy consumption	32		
GRI 303	Water and Effluents 2018			7, 8
3-3	Management of material topics	11		
303-5	Water consumption	33		
GRI 305	Emissions 2016			7, 8, 9
3-3	Management of material topics	11		
305-1	Direct (Scope 1) GHG emissions	33		
305-2	Energy indirect (Scope 2) GHG emissions	33		
305-3	Other indirect (Scope 3) GHG emissions	33		
305-4	GHG emissions intensity	33		
305-5	Reduction of GHG emissions	33		
GRI 306	Effluents and Waste 2016			7, 8
3-3	Management of material topics	11		
306-2	Waste by type and disposal method	34		
306-3	Significant spills	34		
GRI 308	Supplier Environmental Assessment			7, 8, 9
3-3	Management of material topics	11		
308-1	New suppliers that were screened using environmental criteria	15	No indication of a percentage: Data collection currently not possible due to complexity of supply chain.	

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# GRI index

## GRI 400: Social

GRI standard	Description	Page	Comment	UN Global Compact principles
GRI 401	Employment 2016			6
3-3	Management of material topics	11		
401-1	New employee hires and employee turnover	42	No differentiation by category: Data not currently available.	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	23 – 24		
401-3	Parental leave	23		
GRI 402	Labor/Management Relations 2016			1, 3, 6
3-3	Management of material topics	11		
402-1	Minimum notice periods regarding operational changes	24		
GRI 403	Occupational Health and Safety 2018			3
3-3	Management of material topics	11		
403-1	Occupational health and safety management system	26		
403-2	Hazard identification, risk assessment, and incident investigation	26		
403-3	Occupational health services	26		
403-4	Worker participation, consultation, and communication on occupational health and safety	26		
403-5	Worker training on occupational safety and health protection	26		
403-6	Promotion of worker health	26		
403-8	Workers covered by an occupational health and safety management system	26		
403-9	Work-related injuries	26		

GRI 404	Training and Education 2016			
3-3	Management of material topics	11		
404-1	Average hours of training and training per year per employee	24	No differentiation by category: Data not currently available.	
404-2	Programs for upgrading employee skills and transition assistance programs	24 – 25		
404-3	Percentage of employees receiving regular performance and career development reviews	24		
GRI 405	Diversity and Equal Opportunity 2016			6
3-3	Management of material topics	11		
405-1	Diversity of governance bodies and employees	25 – 26		
GRI 414	Supplier Social Assessment 2016			1, 2
3-3	Management of material topics	11		
414-1	New suppliers that were screened using social criteria	15	No indication of a percentage: Data collection currently not possible due to complexity of supply chain.	
GRI 416	Customer Health and Safety 2016			
3-3	Management of material topics	11		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	17		
GRI 418	Customer Privacy 2016			
3-3	Management of material topics	11		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	18		

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# Legal notes

## Independent Practitioner’s Report on a Limited Assurance Engagement on Sustainability indicators in the Sustainability Report

To IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin  
We have performed a limited assurance engagement on the disclosures denoted with “✓” on Sustainability indicators in the Sustainability Report (hereinafter “Sustainability Report”) of IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin, (hereinafter: “IAV GmbH”) for the period from January 1, 2022 to December 31, 2022. Our engagement in this context relates solely to the disclosures denoted with the symbol “✓”.

### Responsibilities of the Officers

The officers of the IAV GmbH are responsible for the preparation of the sustainability indicators in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: “GRI-Criteria”) and for the selection of the disclosures to be evaluated.

This responsibility of Company’s officers includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the officers are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error.

### Practitioner’s Declaration Relating to Independence and Quality

We are independent of the entity in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with the relevant provisions within these requirements.

Our audit firm applies the German national legal requirements and the German profession’s pronouncements for quality control, in particular the bylaws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandards 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)], that are consistent with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board (IAASB).

### Practitioner’s Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with “✓” in the Sustainability Report, based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the information denoted with “✓” in the Company’s Report for the period from January 1, 2022 to December 31, 2022 has not been prepared, in all material respects, in accordance with the relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner’s professional judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Sustainability indicators regarding the preparation process, the internal control system relating to this process and selected disclosures in the Sustainability indicators
- Identification of the likely risks of material misstatement of the Sustainability indicators under consideration of the GRI-Criteria
- Analytical evaluation of Sustainability indicators
- Performing individual assurance procedures on a sample basis for the period from January 1, 2022 to December 31, 2022, in particular on the basis of internal and external evidence
- Timing of procedures

### Assurance Conclusions

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with a “✓” in the Company’s Report for the period from January 1, 2022 to December 31, 2022 has not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

### Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with IAV GmbH. The assurance engagement has been performed for purposes of IAV GmbH and the report is solely intended to inform IAV GmbH as to the results of the assurance engagement.

The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward IAV GmbH. We do not assume any responsibility towards third parties.

The engagement, in the performance of which we rendered the aforementioned services for the management of IAV GmbH, Berlin, was based on the General Terms and Conditions of Engagement for Auditors and Auditing Firms in the version dated January 1, 2017. By taking note of and using the information contained in this note, each recipient confirms that it has taken note of the regulations made therein and acknowledges their validity in its relationship with us.

Düsseldorf, April 14, 2023

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

Thomas Gloth  
German Public Auditor

Marcus Carius  
German Public Auditor

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## Sustainability Report Fiscal 2022

IAV GmbH Ingenieurgesellschaft Auto und Verkehr  
[2-3]

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Project management	Ann-Kristin Lerch (Compliance Prevention & Sustainability)
Editorial team	Numerous IAV employees have contributed to this Sustainability Report 2022. We will be happy to answer your questions and, if necessary, forward them to the relevant specialist departments.
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