



Move with **Ambition**

IAV Sustainability Report 2023
Interim report



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Preface

Dear readers, dear colleagues,

“Move with Ambition” – that is the title of our sustainability report and also the guiding principle for our approach to sustainability. In an industry that is marked by challenges such as climate change and technological upheaval, we too are facing significant transformation. The transition to electromobility and the role of software-defined vehicles determine the future of the mobility industry and require a continuous realignment of our activities. In this market environment, sustainability is an essential prerequisite for a company to position itself for the future.

In 2023, IAV set itself comprehensive sustainability goals for the very first time – and they are pretty ambitious ones. For a good reason.

Sustainability offers opportunities for innovation, resource efficiency as well as employee retention among other things. We will not just react to customer demands, such as obtaining electricity from renewable sources and due diligence in the supply chain, but will be acting on our own initiative.

We will develop innovative solutions, products, and services for more efficient mobility with fewer emissions, thus making an economic and ecological statement.

Our common goal: protecting what we all value – from human health to natural resources. For us, this is our responsibility but also an opportunity. The United Nations Sustainable Development Goals are immense. They focus on global challenges which require joint efforts. And that is why there is no question for us that we support these goals and put them into practice. We as IAV are not only committed to the 1.5 degree target of the Paris Climate Agreement but are also committed to aligning our daily business processes and corporate culture to the ten universally recognized principles of the UN Global Compact in the areas of human rights, labor standards, environmental protection, and anti-corruption. This is also reflected in our Code of Conduct and our values – they help us to reconcile responsibility and business requirements.

In this Sustainability Report, we show you the measures we take to assume responsibility for our business, our employees, the environment, and society. And we don't just look back, but also look to the future.

Our experts from the specialist units provide you with an insight into their work and show how, for example, savings were made in energy at the Berlin site, what joining the UN Global Compact means, how due diligence is practiced holistically in supplier relationships, and how new leadership and working time models contribute to promoting diversity and equal opportunities. We also want to introduce you to our subsidiary IAV China and show how it works in the most dynamic mobility market worldwide.



Jörg Astalosch
President and
Chief Executive Officer IAV



Martin Mahlke
Chief Financial Officer IAV



Dr. Uwe Horn
Chief Human Resources Officer and
Director of Labor Relations IAV

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1 | Sustainability goals



Sustainability goals

Ambitious approach, binding commitments.

Taking responsibility in a sustainable way: At the start of the 28th UN World Climate Conference in November 2023, IAV defined binding sustainability goals for the first time. “This is a milestone in our sustainability strategy,” says Nadège Ericsson, Executive Vice President Compliance, Legal & Sustainability at IAV. “And puts our contribution to climate protection in concrete terms.” An ambitious goal.

“We are committed to the environment” – and see climate protection as an opportunity. This is why IAV decided to actively promote the definition of binding sustainability targets and set an exclamation mark. And that, even before the adopted timetable of the current EU CSRD (Corporate Sustainability Reporting Directive), which does not require companies such as IAV to report on sustainability until 2025.

“We are committed to our own declared aim,” says Nadège Ericsson, “to implement our development services responsibly.” Sustainability has become binding with the targets, thus raising the profile of sustainability as the basis of our technological expertise.

To give its own sustainability goals a clear direction, IAV got together with stakeholders to create a materiality analysis, deriving three areas of reference from it: lowering energy consumption and emissions, promoting diversity

and equal opportunities as well as strengthening sustainability and sustainability management.

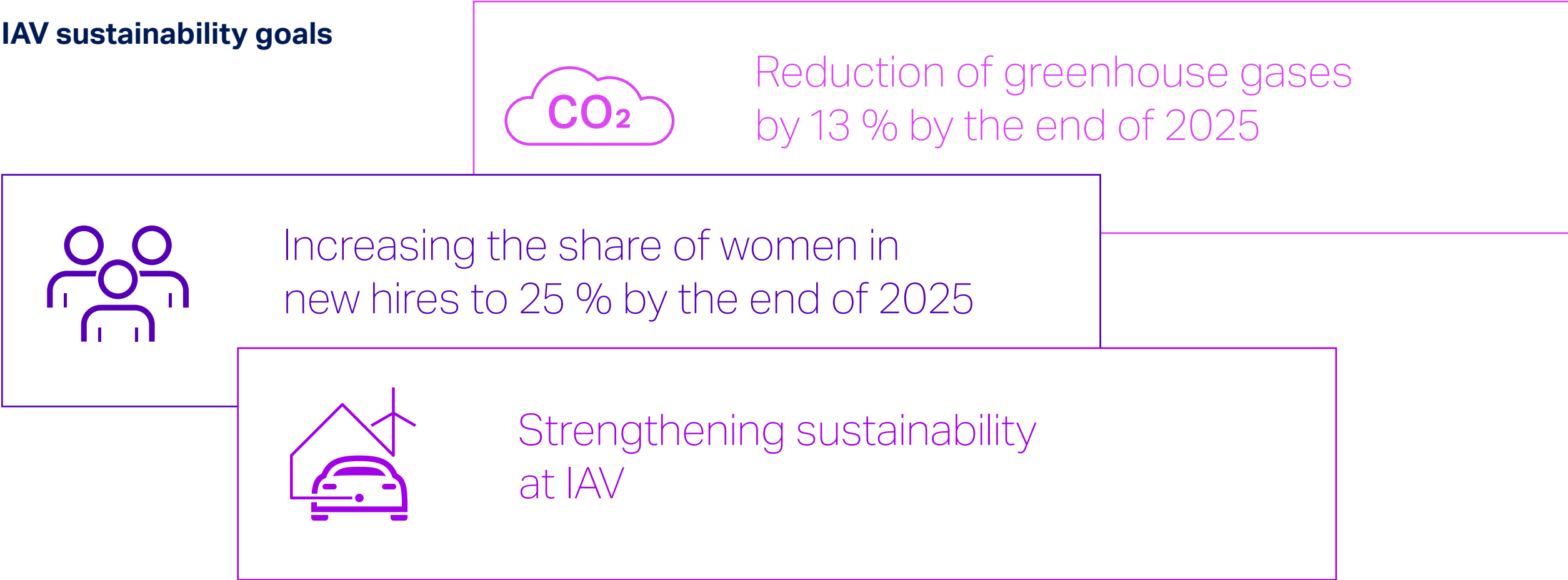
When linking the targets with measurable key figures, IAV deliberately left its comfort zone. Because if you want to “move the world for the better,” you don’t just need technology and innovation but also courage and passion.

This is why IAV set itself a reduction target for greenhouse gases of 13 % by the end of 2025 – for both direct emissions (Scope 1) and indirect emissions from purchased energy (Scope 2). What makes the goal so challenging? The chosen point of reference: 2022.

IAV converted all its properties to electricity from renewable sources in 2021. This resulted in a drop of CO₂ emissions from 27,500 tons in 2019 to around 10,000 tons in 2022. In total, that’s about two thirds less. So it would have been much easier to take 2019 as the point of reference – with the result of the target of 13 % being overachieved!

But that is not what IAV did. It was decided to use the year 2022 for comparative measurements. “We just want to move on,” says Nadège Ericsson unabashed. This, in turn, only works with big goals, but also requires great effort. “And plenty of smart people developing plenty of smart solutions.”

IAV sustainability goals



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Sustainability goals

Uwe Halbleib, Head of Regional Plant Management at the IAV sites in Berlin and Baden Württemberg, and Karsten Klostermann, Senior Energy Management Specialist Smart Test Factory at IAV, who in the interview “Strategic thinking, climate-neutral planning” give details on “what is almost detective work” at the Berlin site, know this all too well.

“We had a very systematic approach. First of all, we identified our energy wasters and then thought about which screws we could turn to reduce consumption kilowatt hour for kilowatt hour.” With 30 % savings within two years, they produced impressive results that don’t just contribute to climate protection.

The significant reduction in the company’s own greenhouse gas emissions also contributes to the 1.5 degree target of the Paris Climate Agreement. And provides the motivation to extend the sustainability activities of IAV – including the idea of producing more renewable energy for its own use. The best example of this is the additional photovoltaic system at the Gifhorn site which alone generates 380 kWp of electrical energy.

The second sustainability goal, which focuses on diversity and equal opportunities, also demonstrates a pronounced commitment: Because IAV is planning to increase the proportion of women in new hires to 25 % by the end of 2025 – from 21.8 % in 2022. The market for highly qualified tech talent has not yet reached the target

level. For example, the proportion of women in STEM degree programs is around 30 %.

The consequence: The bar is set high when it comes to competing for talented specialists and leaders. For this reason, IAV promotes target-group-specific personnel

recruiting, among other things, and uses modern working time and leadership models to promote equal opportunities when filling leadership positions – also to build up and secure resources for the future.

“Particularly with models such as part-time leadership and shared leadership, we offer perspectives for balancing work and private life,” says Annika Schrötter, HR Project Manager Organizational Development at IAV, in the interview “Flexible leadership, sustainable success” – which can also be understood as female empowerment.

A step that certainly sends out a signal: That is also true of joining the UN Global Compact in June 2023, with which IAV publicly commits to the Compact’s ten principles and the United Nations’ Sustainable Development

Goals (SDGs), and at the same time clearly and distinctly strengthens its own sustainability management.

“Because we don’t just want to embed sustainability in the company,” says Sebastian Galindo, Sustainability Officer at IAV, in the interview “Responsible operations, consis-

tent compliance”. “We want to put sustainability into practice in our everyday business. With all the consequences that that entails.”

This does not happen from one day to the next, but step by step. The definition of measurable sustainability goals thus marks “a milestone of our sustainability strategy” for Nadège Ericsson who has set herself the binding task of continuously improving corporate sustainability performance.

Because with sustainability, IAV is not only fulfilling the expectations of its employees and customers. “With sustainability, we are taking on responsibility. For us and our company. But also for what we are: IAV. We move the world for the better through technology and engineering,” says Sebastian Galindo.



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2 | Responsibility for the environment



“Way to Zero” – Climate-neutral IAV

Strategic thinking, climate-neutral planning.

Committed to climate protection: The Green Deal, launched by the European Commission in 2021, pursues ambitious goals. “As a result, our commitment at the Berlin site really took off,” say Uwe Halbleib, Head of Regional Plant Management at the IAV sites in Berlin and Baden-Württemberg, and Karsten Klostermann, Senior Energy Management Specialist Smart Test Factory at IAV. A success story in figures.

Your campaign to become a climate-neutral IAV is setting an example. Could you briefly describe the initial situation at the Berlin site?

Karsten Klostermann: Berlin is an established site that IAV has turned into one of the most modern development centers since it was founded in 1983. This naturally also increased energy consumption, which in 2021 was around 9,500 MWh for electricity and around 8,000 MWh for gas. In terms of electricity, we are talking about an average annual requirement for 3,200 single-family homes, and for gas for 400 single-family homes.*

An unimaginable scale: Which energy-saving switch did you trip first?

Uwe Halbleib: Our management made the decision to switch all properties to CO₂-neutral electricity in 2020 and 2021. That was the first step. At the same time, we formed a working group in Facility Management together with the technical departments to identify further potential savings. It quickly became apparent that the offices only ac-

count for 8 % of our energy requirements and the testing facilities for 92 %. That is not surprising but it was still an eye-opener.

Karsten Klostermann: I have been working on the topic of energy efficiency in particular for eight years. Back then, as Head of the Engine Testing department, I saw the high energy consumption primarily as a cost factor that needed to be reduced. My calculation was relatively simple: Lower costs reduce the price of our development services, which in turn increases our competitive advantage.

So saving energy was already on the agenda for IAV before the Green Deal?

Uwe Halbleib: Of course. But through the European Commission initiative and the sudden gas shortage due to the war in Ukraine, our commitment in Berlin really picked up speed.

Among other things, IAV Berlin has more than 500 pumps, 100 control valves and a dozen chillers: How do you manage to organize energy saving purposefully for this massive infrastructure?

Uwe Halbleib: We took a very systematic approach, first identifying our energy wasters and then considering what adjustments we could make to reduce consumption. The result was a list of 70 to 80 points – each evaluated according to the possible savings potential in kWh and the

costs involved. We put the simple and inexpensive measures at the top of the list, followed by more complex and thus more cost-intensive ones. Our ranking showed and still shows us the direction we need to take to save kilowatt hour for kilowatt hour!

That is pure detective work. Do you also work with a “wastage list” for the test benches?

Karsten Klostermann: No, that wasn’t necessary. We used our building management systems and our electricity meters. These allow us to monitor media flow and draw conclusions. But the question that still remains unanswered, is the all-important question: What exactly is not happening and what solution is there to genuinely reduce consumption?

Is there a specific example that demonstrates your technical instincts?

Karsten Klostermann: One of our systems was running with two incorrectly set valves. That cost us an additional 300 kWh – in heating and in cooling, every hour, day for day. We actually found the problem by chance with the building management systems. Now that the valves have been set correctly, we save over 2 million kWh a year. Incredible!

* The average annual consumption of a single-family home is around 3,000 kWh for electricity and around 20,000 kWh for gas.

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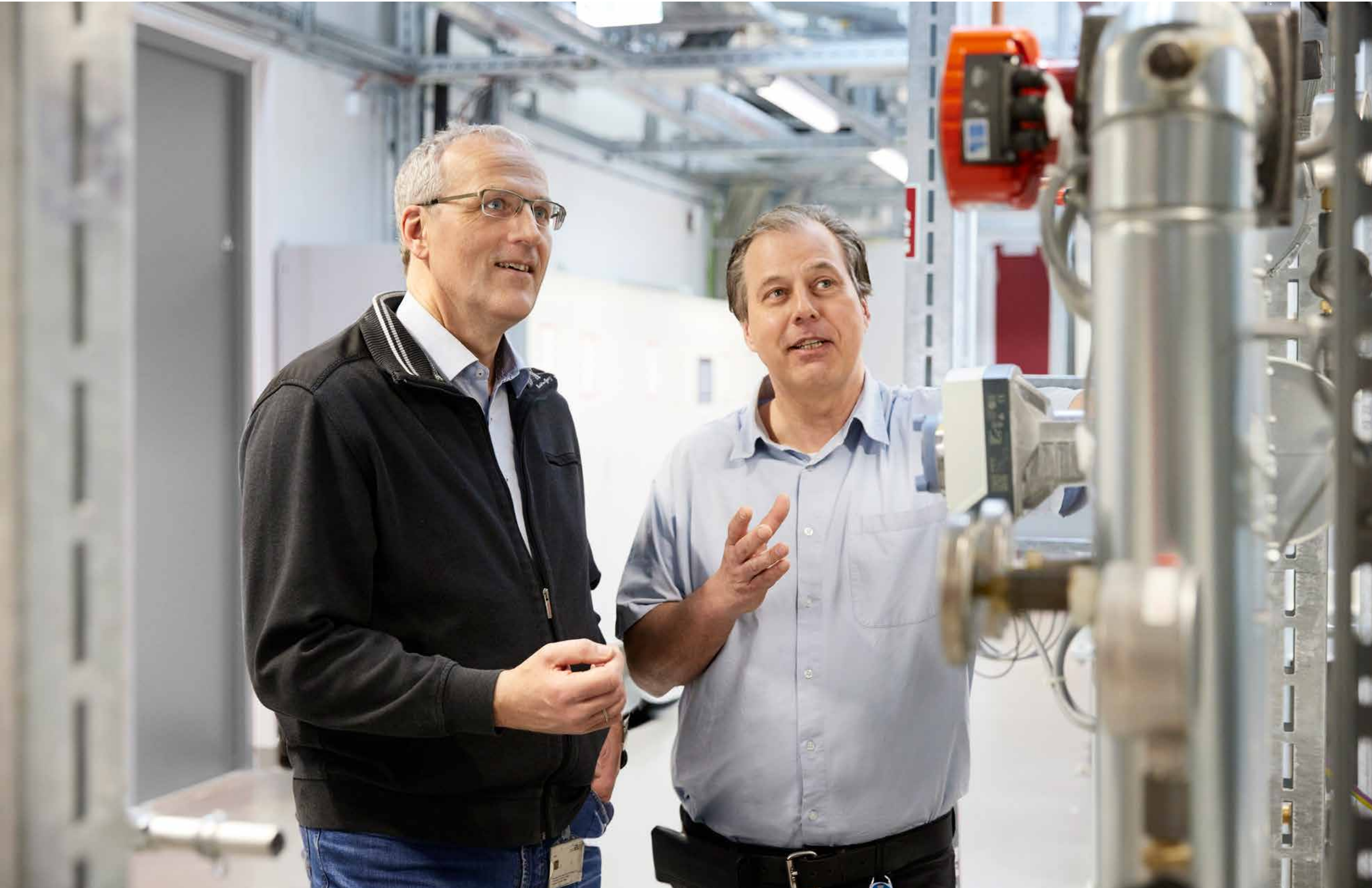
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“Way to Zero” – Climate-neutral IAV



Karsten Klostermann (left), Senior Energy Management Specialist Smart Test Factory at IAV
Uwe Halbleib (right), Head of Regional Plant Management at the IAV sites in Berlin and Baden-Württemberg

Exactly, a real Sisyphean task ...

Uwe Halbleib: Absolutely! We just have to always keep at it and ensure we exchange information regularly and in detail. That is the only way we can reach our goal.

What were the major challenges you have had to face so far?

Uwe Halbleib: The challenges grow with the size of the system. Let's just take our heating that is on in all buildings and test benches. We noticed that the radiators in some parts of the building were heating up over the weekend – which of course is pointless as nobody is in the company. When we tried to find out what the problem was, we discovered that the “never go off” function had been activated. The solution: Reprogram so that the burner switches off when no more heat is needed – one of many measures that reduced the consumption of our heating system by more than 700,000 kWh a year.

Particularly in the summer months you still face the question of how to keep the heating efficient at good operating points. What's your answer to that?

Karsten Klostermann: In 2024, we are planning on implementing an engine test bench as a combined heat and power plant that we can operate with the up to 90 % CO₂-reduced diesel fuel HVO100. The advantage: Once the combined heat and power plant is up and running and continuously covers our heating requirement of around 200 kWh, we won't need any gas heating in the summer any more. That will lower our CO₂ emissions. Mission accomplished.

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“Way to Zero” – Climate-neutral IAV

But you’re also thinking about adapting the oil burners in the TU building.

Uwe Halbleib: Correct! We operate the oil burners in energy contracting. So they are not actually ours, but belong to a specialized service provider. We’re giving them back in 2024. We will then feed the hot water into our heating system via a more modern and larger gas boiler system. That will result in around 30 % less CO₂ as well as 30 % more efficiency.

That pays off twice over. How does your savings balance look at the moment?

Karsten Klostermann: As I said, in 2021, we had a consumption of around 17,500 MWh for gas and electricity. In 2023, that figure was around just 11,000 MWh. That translates to savings of 30 % within two years – and without any cost-intensive investments. Incidentally, we currently

have an average consumption of 650 kWh for electricity and 500 kWh for heating.

A fantastic result. Do phenomena such as working at home have any impact on the energy requirements?

Uwe Halbleib: Yes, and how! We simply need less office space – we guess around 40 %. That means: less heating, cooling, and maintenance. The consequence: We are renting out spaces. In turn, that improves the quality and energy efficiency of the buildings in our portfolio.

Let’s take a look into the future: What is on the agenda for IAV Berlin?

Karsten Klostermann: We also want and need to develop our own energy sources in the future – for example with a photovoltaic system, like the one at the Gifhorn site. We are also currently working on a carbon-capturing

project which aims to capture CO₂ from exhaust gas mass flow, remove it from the air, and then store it. In conjunction with the combined heat and power plant running on CO₂ reduced HVO100, a CO₂ reduction would be conceivable as a result

Our contribution

IAV is committed to the 1.5 degree target of the Paris Climate Agreement and supports the European Commission’s Green Deal.

IAV sees itself as a driver of future-oriented climate protection, strategically controlled and actively monitored by the working group Climate-neutral IAV initiated in 2023.

IAV is pursuing the goal of reducing its direct and close indirect emissions by 13 % by the end of 2025.

IAV promotes site-specific working groups, as in Berlin, that think globally and implement climate neutrality locally.

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13 CLIMATE ACTION



SDG 13 – Climate Action

SDG 13 aims to take measures to combat climate change and its effects – for example through education and awareness-raising as well as by improving staff capacities in the area of climate change mitigation and climate impact reduction.



3 | Responsibility for our employees



Part-time leadership and shared leadership

Flexible leadership, sustainable success.

New Work is revolutionizing the working world of the future: The bar is set high, especially when it comes to competing for talented specialists and leaders. “With part-time leadership and shared leadership,” says Annika Schrötter, HR Project Manager Organizational Development at IAV, “we offer perspectives for balancing work and private life.” A step that certainly sends out a signal.

There are no hierarchies when it comes to making work flexible – or at least not at IAV. How did the idea for part-time leadership and shared leadership come about?

Annika Schrötter: Leadership is understood and implemented differently today. When managers started asking us whether they too could have more flexible working models, we quickly realized: We have to do something.

Does IAV primarily empower women in leadership roles?

Annika Schrötter: At first glance, it may seem that part-time leadership in particular contributes to female empowerment. And it does – but that’s not all. We are in fact thinking about all leaders here.

Alongside the factor of time: What do part-time leadership and shared leadership stand for?

Annika Schrötter: First and foremost, the new leadership

models create more freedom to achieve a better work-life balance – especially when situations in life change.

Work-life balance creates loyalty.

Annika Schrötter: Exactly. I am convinced that more flexible time management reinforces employee loyalty to the company. Because it makes people more satisfied – and

leads to more productivity and commitment. A classic win-win situation benefiting both sides.

And what are the challenges?

Annika Schrötter: New leadership models need time and mean more effort. As we are just launching part-time leadership and shared leadership, the situation is still new



Annika Schrötter, HR Project Manager Organizational Development at IAV

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Part-time leadership and shared leadership

for all of us. We all have to adjust – the managers, as well as the employees.

In your opinion, why do only 13 %* of managers in Germany reduce their working time?

Annika Schrötter: The number does not surprise me. People say that part-time work does not promote careers. We are trying to slowly break down these thought patterns with our new leadership models. We are absolutely convinced that leadership and part time are not mutually exclusive.

So how does part-time leadership work at IAV – in practice?

Annika Schrötter: If a leader wants to reduce their working hours, the first step is to talk to their direct line manager – also to clarify issues relevant to the company: Is part-time working actually feasible in that particular area of

responsibility? How long is a particular person thinking of working part time and can the tasks be spread out differently? HR only gets involved in the second step, providing advice if required and getting the details down on paper.

And then what happens?

Annika Schrötter: The leader starts working part time. After a period of six months, we take a look at how things have been going – together. In brief: learning by doing. It may turn out that we need to fine-tune the process. For example in the sharing out of work. But perhaps we will also come to the conclusion that it simply isn't working in this particular case. Although that wouldn't change the fact that we might try it out somewhere else.

Once again or in a completely different way: What is the difference between part-time leadership and shared leadership?

Annika Schrötter: Effectively, part-time leadership is a time model for a leader who is responsible for an organizational unit. When it comes to shared leadership, however, two leaders share the responsibility for an organizational unit.

Can the two models be combined?

Annika Schrötter: Yes, they can, but they don't need to be. If two leaders share a position as part of shared leadership, virtually every permutation is conceivable. It could be that both work 20 or 30 hours or that one leader works 20 and the other 30 hours.

Maximum flexibility: Would full time be feasible in shared leadership?

Annika Schrötter: That depends on the magnitude of a particular area of responsibility. In general, it is always important to first check in which organizational units part-time or full-time concepts make sense.

Let's assume you have a tandem and the time model is also suitable. Who is responsible for sharing out the tasks between the leaders in shared leadership?

Annika Schrötter: Good question! The sharing out of the tasks and the cooperation between the leaders is what makes the whole shared leadership model successful. That's why we work with them to determine exactly who is responsible for what, who takes the lead on which tasks

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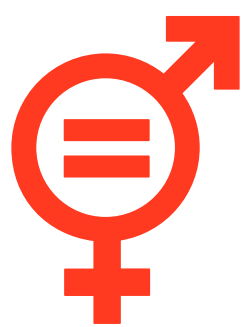
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5 GENDER EQUALITY



SDG 5 – Achieve gender equality and empower all women and girls

SDG 5 aims to end all forms of discrimination against women and girls worldwide, and ensure full and effective participation and equal opportunities of women in leadership roles – at all levels of decision-making in political, economic, and public life.

* Figures of the German Economic Institute for 2023.



Part-time leadership and shared leadership

and who is the deputy. Once the tasks and responsibilities are clear – down to the very last detail – they are communicated to employees and customers. Shared leadership only works once all the organizational questions have been answered.

And who organizes the matchmaking for a tandem?

Annika Schrötter: The tandems basically find themselves – that was also the case in our pilot projects. The colleagues knew each other from working together at IAV and that's how they could imagine the whole project working. That's not a sure-fire success. In shared leadership, two heads always have to speak with one voice and then act accordingly.

Shared leadership also offers the opportunity for junior/senior tandems. Is that a kind of leadership development program?

Annika Schrötter: Let me put it this way: Junior/senior tandems meet as equals right from the start, even though juniors are still growing into their role. Nothing else would really work. And yes, junior/senior tandems are also perfect when it comes to succession planning. We currently have a request for a dual leadership position on the table because one of our colleagues will be leaving the company in the foreseeable future because of his age. I think that's a good idea.

How are the pilot projects going in general?

Annika Schrötter: Our two shared leadership pilot projects started just over a year ago at head of department level – as a double and actually even as a triple tandem. So far the feedback is positive and is motivating us to continue this path together.

Do innovative leadership models also play a role in the appeal of IAV as an employer?

Annika Schrötter: Absolutely. We know that the bar is set extremely high in the competition for talented specialists and leaders. We want to and have to convince people long term. Part-time leadership and shared leadership offer clear perspectives. And they send out a strong signal: IAV not only develops the topics of the future. IAV lives and breathes them, too.

Our contribution

IAV strengthens equal opportunities when filling leadership positions with flexible leadership models such as part-time leadership and shared leadership.

IAV is planning to increase the proportion of women in new hires to 25 % by the end of 2025 – which will also strengthen its profile as a leading development service provider.

IAV consistently invests in female empowerment with initiatives such as women's network meetings and target-group-specific coaching in order to build up and secure resources for the future.

IAV attaches great importance to sustainable personnel development at all levels with compelling social and working standards.

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4 | Responsibility for our business



Due diligence in supplier relationships

Respectful acting, trusting collaboration.



For IAV, human rights are non-negotiable: That is something that is made unmistakably clear in the Supplier Code of Conduct. “With the Declaration of Principles on Human Rights in 2023, we once again honed our sense of responsibility for global supplier relationships,” say Thomas Müller, Compliance Officer, and Steffen Stolzmann, Supplier Quality Manager at IAV. A commitment to diligence.

Responsible suppliers play a key role in sustainable corporate development: What does IAV find particularly important in its supplier relations?

Steffen Stolzmann: The core business of IAV is about offering engineering services. This means that we do not primarily procure raw materials and that therefore other risks are significant for us. We pay attention to trusting and transparent cooperation, but at the same time we also expect our suppliers to share our standards of performance, qualification, and care, and pass them on to their supply chain.

Steffen Stolzmann (left), Supplier Quality Manager at IAV
Thomas Müller (right), Compliance Officer at IAV

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Due diligence in supplier relationships

In 2023, IAV signed the Declaration of Principles on Human Rights. Why did you decide to do that?

Thomas Müller: For IAV, human rights are non-negotiable. Adopting the Declaration of Principles on Human Rights, which is also stipulated in the Supply Chain Due Diligence Act (LkSG), was therefore more than just a compulsory exercise for us.

Steffen Stolzmann: In doing so, we are expressing our unconditional commitment to respecting human rights. For us, this is both our goal and our path.

A path that IAV has been taking for quite some time now ...

Thomas Müller: Correct. Human rights have always been important for IAV. That can be seen in our Supplier Code of Conduct, which we developed back in 2019. In 2023, the legislator gave us a kind of guideline with the LkSG (the Supply Chain Due Diligence Act) – particularly in terms of the practical implementation of risk analyses and documentation.

Steffen Stolzmann: In turn, we used the guideline as the benchmark in our internal evaluation, and it quickly showed us that we really are doing well. As a result, an advantage for us.

8 DECENT WORK AND ECONOMIC GROWTH



SDG 8 – Decent work and economic growth

SDG 8 aims to promote sustainable economic growth and decent work for all people – for example by protecting labor rights and creating safe working environments for all employees.

Along with the commitment to human rights, IAV also derived specific fields of action for itself.

Steffen Stolzmann: As a tech solution provider when it comes to future technologies, we are concerned with responsibility, fairness, integrity, and partnership – both in our own business activities and in our global supply chains.

Thomas Müller: In terms of human rights, we laid our focus on working conditions, freedom of association, health and safety at the workplace as well as equal opportunities and respect.

Let's look at equal opportunities and respect: How does IAV promote the respectful interaction with one another and openness to people from different countries and cultures – especially at an international level?

Steffen Stolzmann: We have to lead by example. And we do. Equal opportunities is not just a buzzword at IAV. Equal opportunities is an attitude.

Thomas Müller: An attitude that is also set out in our Code of Conduct and that is established globally for the entire Group. That of course is reflected in our supplier relationships. Through our international commitment, we are aware of the fact that the same human rights standards do not apply everywhere. In our own company organization, however, we are firmly committed to consistent human rights standards.

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Due diligence in supplier relationships

How does IAV ensure respect for human rights with around 3,300 suppliers and – even more – throughout the entire supply chain?

Steffen Stolzmann: We follow fixed processes that begin with onboarding for new suppliers – i.e., the transmission of various documents that form the basis of a future partnership. Specifically, this refers to the self-disclosure for suppliers, which also contains the Declaration of Principles on Human Rights, as well as the Supplier Code of Conduct.

Thomas Müller: Depending on which countries suppliers come from and what they do for us, very different requirements may apply. Possibly, to name just one example, certified environmental management in accordance with ISO 14001 may be necessary. We then have this confirmed again at regular intervals.

Steffen Stolzmann: Of course, we not only check documents, but also screen public information channels and the media, a process known in the trade as adverse media screening. We also carry out on-site audits for particularly risky decisions.

Our contribution

IAV sets a binding benchmark for responsible supplier relationships with the Supplier Code of Conduct (2019) and the Declaration of Principles on Human Rights (2023).

IAV attaches great importance to fair and honest business practices that promote modern working conditions, equal opportunities, and respect, among other things.

IAV supports the empowerment of suppliers so that they can develop successfully and also take responsibility in their supply and value chain.

IAV builds on long-term supplier relationships that ensure sustainable economic growth through performance, trust, and appreciation.

And how does IAV deal with possible violations?

Steffen Stolzmann: Luckily this hasn't happened yet! But one thing is clear: If there are verifiable violations, IAV will specify deadlines within which the suppliers have to eliminate the shortcomings. If the suppliers repeatedly fail to comply with the requests, the worst case scenario will occur: Trust is compromised and the supply relationship is thus on the brink of collapse.

Thomas Müller: In principle, however, we want to avoid this – and thus follow the guiding principle of empowerment before withdrawal. Even if the best guiding principle reaches its limits at times, we find it important to support our suppliers – also when challenges arise. Support in the sense of empowering.

Empowering people to know what is right and what is wrong?

Thomas Müller: Learning from mistakes, encouraging change, thinking in terms of opportunities, and taking responsibility: That is how you attain success ...

Steffen Stolzmann: ... and it is the way to create the basis for a supplier relationship the way we would like the supplier relationship to be at IAV: strong, trusting, long-term.

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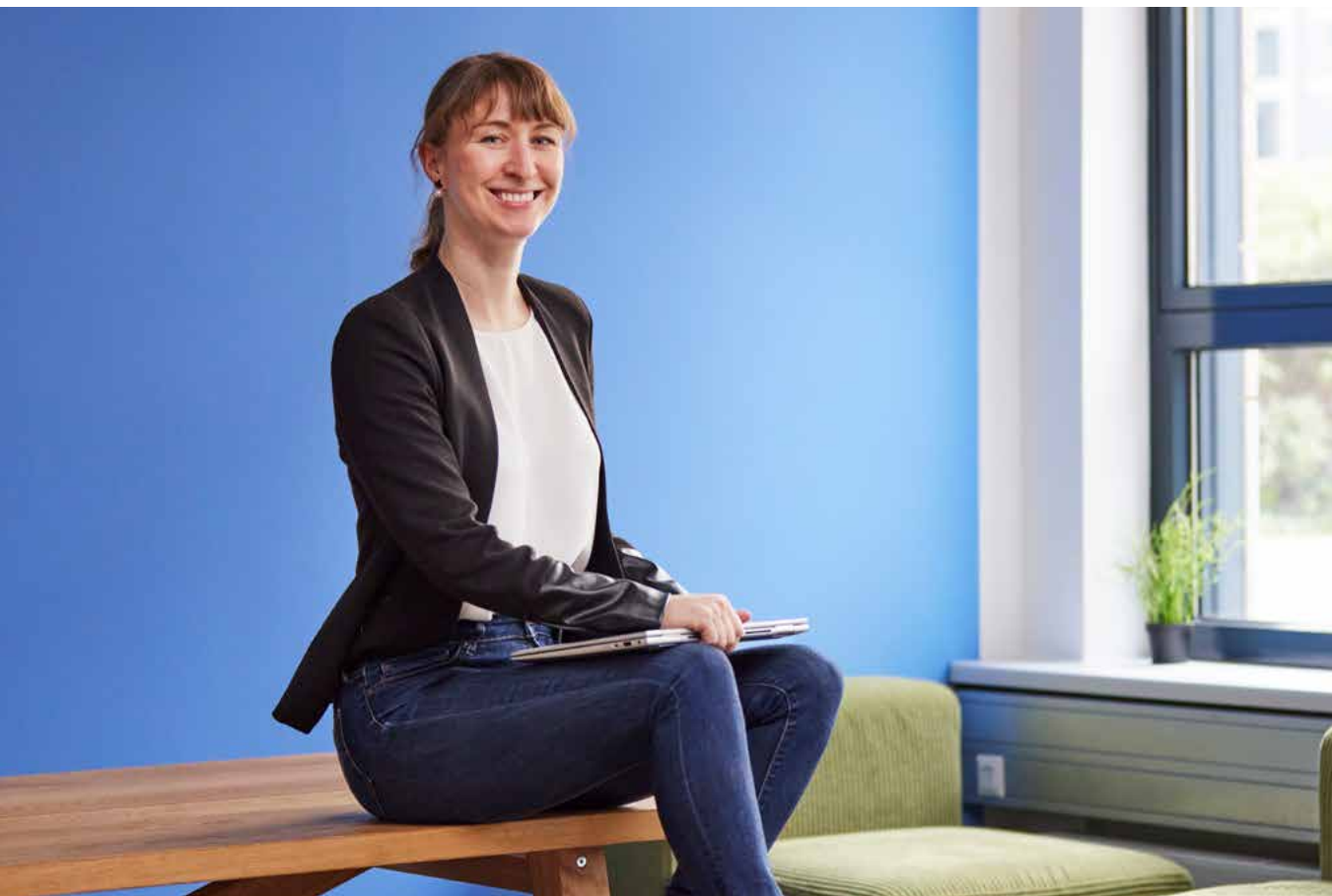
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Due diligence in supplier relationships

Commitment to information security and data protection. From everyone.

Knowledge creates innovation. That is why IAV handles internal and external business secrets and personal data with the utmost care. "Not only we expect this from our suppliers," Maria Leutloff, Head of Data Privacy at IAV points out. "Our customers do, too. Why? In a connected world with increased security risks, our customer group wants to protect its business secrets. Also, the end customers, particularly those in Europe, have an increased need for data protection." And they are right.



Maria Leutloff, Head of Data Privacy at IAV

Because strong services are also based on a shared understanding of information security and data protection.

Especially for technology and engineering. So, what does IAV demand of its suppliers? "That they – like us – reliably fulfill all requirements, whether they are of a legal, product-group, or project-specific nature," says Maria Leutloff.

Proof is provided, for example, by ISO-27001 or TISAX certification: "Of course, it depends on what exactly the suppliers do for IAV and the associated risks." If they process personal data, a specific data protection agreement may be required to ensure that data protection and security measures are met.

Among other things, monitoring is carried out via self-assessments or risk-based audits, "especially if the suppliers belong to specific product groups and deal with certain business secrets, if they process particularly sensitive data, or if we identify an increased risk for other reasons. That is the case, for example, with IT applications operated in the cloud. We take a very close look on these. When we use these kinds of applications, we ask certain questions, such as where the data is processed, whether it can be anonymized or deleted, and which technical and organizational data protection measures are implemented." That is important to determine the data protection risks. Risks such as cybercrime which are intensified due to innovative technologies such as AI, also play a role.

In order to protect confidential information and data from unauthorized access and abuse, IAV relies on a powerful

Security Operation Center (SOC), a team that checks "our IT systems, networks, programs, and data" for irregularities.

"Our Corporate Security is in close contact with the authorities to identify new threats more quickly, understand them better and respond to them more effectively," emphasizes the data protection specialist. In addition, clear rules play an important role, for example for the introduction of new IT applications. Also, mandatory trainings are provided which are practice-oriented and must be repeated at regular intervals. These cover topics such as phishing and social engineering.

She goes on to say that it is an advantage that the international legal situation has become far more homogeneous: "A lot of countries base their data protection laws on the European General Data Protection Regulation (GDPR), for example. That makes our lives easier."

Suppliers also recognize the added value of cybersecurity, information security, and data protection. "This is how they score points with us," Maria Leutloff concludes. Because information security and data protection are non-negotiable for IAV, too.

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Customer-oriented development, sustainable growth.

Growing sustainably with your customer group: For almost 30 years now, IAV has been committed to one of the world's most dynamic mobility markets – China. Alongside automotive transformation, IAV China is also concerned with the country-specific climate goals. "Particularly our local customers," says Xiaolei Huang, Compliance Manager IAV China, "take sustainability seriously and actively demand environmental and social standards." A motor of the future.

IAV has always also seen internationalization as local commitment that takes place exactly where the customer group is. This is why, at the beginning of the 1990s, it was decided to have a specialist team from Germany support project orders for vehicle development from the "Middle Kingdom." In China. For China.

With great success: At the beginning of the 2000s, IAV was awarded a contract to launch a complete vehicle for the Chinese market. If it had not been clear before, it certainly was then: IAV had come to stay. Founding the subsidiary IAV China, headquartered in Shanghai, in 2005 was the logical consequence.

And the speed remained high: In 2012, IAV China founded a branch office in Beijing and another in 2022 in Hefei, and today operates three development centers in parallel. The technology and engineering services concentrate

primarily on the requirements of the Chinese market and thus cover the entire mobility ecosystem.

The subsidiary specializes in the IAV areas of expertise



Welcome to IAV China

Future Powertrain, Vehicle Solutions and Automated Driving. An enormously challenging portfolio that needs a lot of power. This is why IAV China, now the largest international unit within the IAV Group, relies on the technical expertise of IAV Germany.

Although this could soon change as the rapid development in the Chinese automotive industry is motivating the young engineering team in China to shape the IAV profile worldwide with its own innovations. Sustainability is a driver here too.

The fact is that China wants to reach a turning point by 2030 at the latest in terms of CO₂ emissions and wants to be climate neutral by 2060. A goal that local customers are actively pursuing, placing very specific expectations on the corporate responsibility of suppliers.

Xiaolei Huang: "The local customer group takes sustainability seriously and actively demands we stick to environmental and social standards." Which in other words means: Anyone wanting to take part in the Chinese market, has to qualify themselves with certificates, for example, and actually implement their requirements in day-to-day business.

For the IAV subsidiary, a development process which lays the foundation with certified quality management in compliance with ISO 9001. In turn, this provides the basis

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IAV China



for the local environmental and occupational health and safety management systems. Which is very important.

Shengfei Li, Team Leader Vehicles Solutions & Automated Driving Steering System at IAV China

Because IAV China has major growth goals: "By 2030, we are planning to have a workforce of up to 1,000 employees, to record sales in the billions¹, and to be the number 1 among the development service providers in the automotive industry." Future – made in China.

¹ Renminbi (RMB).

IN PROFILE: IAV China

At the start of the 1990s, a team of IAV specialists from Germany took on first project work for vehicle development in China. Today, the subsidiary IAV China is the largest international unit within the IAV Group.

Locations

IAV China works in the largest automobile market in the world in Shanghai (headquarters) with around 26.32 million inhabitants, in Beijing (branch office) with around 21.54 million inhabitants, and in Hefei (branch office) with around 7.965 million inhabitants.

Team

Currently around 300 employees with around 33 % women.

Portfolio

Future Powertrain, Vehicle Solutions and Automated Driving

Languages

Chinese, English, German

Electrified!

More than half of all electric cars and plug-in hybrids in the world are to be found on China's roads.²

² Analysis by the Stuttgart research institute ZSW 2023

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5 | Responsibility for society



UN Global Compact

Responsible operations, consistent compliance.

Moving the world for the better: When IAV joined the UN Global Compact in June 2023, it demonstrated its commitment to the sustainability goals of the United Nations. “We don’t just want to embed sustainability

in the company,” says Sebastian Galindo, Sustainability Officer at IAV. “We want to put sustainability into practice in everyday business. With all the consequences that that entails.” A principle of strength.

With its UN Global Compact, the United Nations defined the vision of a more inclusive, more sustainable economy in the year 2000. What does that mean in practice?

Sebastian Galindo: As the world’s largest and most important initiative for sustainable and responsible corporate governance, the UN Global Compact pursues 17 goals for sustainable development. The ten principles derived from these goals, categorized according to human rights, working conditions, environmental protection, and anti-corruption, substantiate the entrepreneurial mission. Clearly and precisely.

Which companies are organized in the UN Global Compact network?

Sebastian Galindo: In general, the network is open to any company in the world – regardless of location, industry, or size. Currently, more than 24,300 companies from around 160 countries have signed up to the UN Global Compact. On a completely voluntary basis.

Sebastian Galindo,
Sustainability Officer at IAV

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UN Global Compact

What obligations does a company enter into as a member of the UN Global Compact network?

Sebastian Galindo: The company voluntarily undertakes to act in accordance with the ten principles and thus also to promote the implementation of the 17 sustainability goals. I always think of honorable merchants – to use a historical term – who stand for integrity in everything they do.

And how does the UN ensure that a member fulfills its obligations – even if they are voluntary?

Sebastian Galindo: If you are thinking of something like an external audit authority, there isn't one. However, each member publishes an annual progress report, also known as a Communication on Progress (CoP). It shows in black and white which activities contribute to the implementation of the objectives – converted into tangible KPIs.

So why exactly did IAV decide to join the UN Global Compact?

Sebastian Galindo: We are continuously working on our sustainability performance – with the aim of getting better every year. By joining, we not only share the vision of the UN Global Compact, we also publicly commit to its goals and principles. That was the crucial point for us.



And how does the UN Global Compact impact day-to-day business?

Sebastian Galindo: Basically, it's about anchoring sustainability in the company – and then actually putting it into practice in day-to-day business. In all respects. This does not happen from one day to the next, but step by step.

IAV has already got a few things off the ground.

Sebastian Galindo: Exactly – for example revising the human rights declaration, strengthening due diligence in supplier relationships, updating the Code of Conduct, which reflects our values-led approach, as well as the climate-neutral IAV initiative.

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UN Global Compact

Not to be forgotten: the IAV sustainability goals.

Sebastian Galindo: A major milestone. Because for the first time at IAV, we set ourselves sustainability goals – for example gender equality, sustainable consumption and production as well as climate protection measures and partnerships to achieve the goals.

And what role does the SDG (Sustainable Development Goals) Ambition Accelerator play?

Sebastian Galindo: Just putting your signature on the membership form does not lead to success. This is why the UN Global Compact has voluntary programs such as the SDG Ambition Accelerator, which supports members in implementing the goals they have set. That is absolutely great because it guides possible measures in a structured way and thus accelerates the internal company change process immensely. That is why in 2024 we are following up by taking part in the Business & Human Rights Accelerator. We take the “Yes” we pledged to the UN Global Compact seriously.

Is commitment to the UN Global Compact worth it?

Sebastian Galindo: That is not something we calculate. Because we know that if we think and act sustainably, we’re not just fulfilling the expectations of our employees

and our customers. We are taking responsibility. For us and our company. But also for what we are: IAV. We move the world for the better through technology and engineering.



Annual Conference 2023 of the UN Global Compact Network Germany

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6 | Sustainability indicators



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.

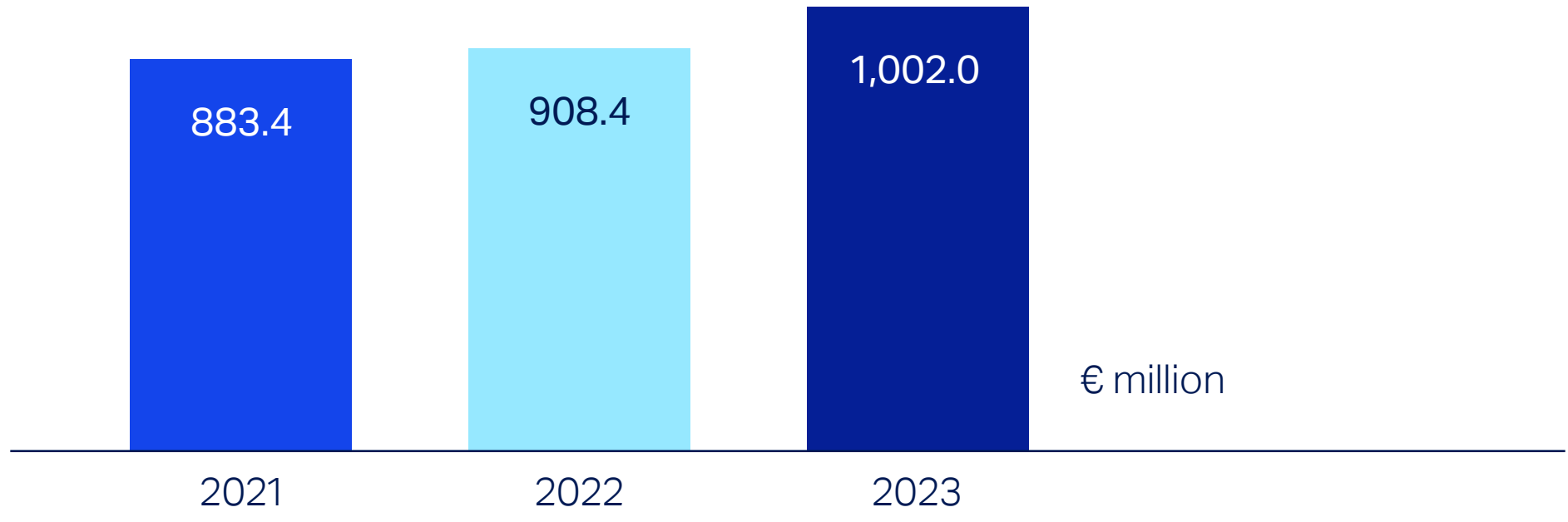
The sustainability indicators shown in the table of key figures in this chapter were subjected to a voluntary audit with limited assurance by an independent auditing firm. The auditor's note can be found on page 34.



Responsibility for our business¹

Key financial figures (IFRS)	Unit	2021	2022	2023
Total revenues	€ million	883.4	908.4	1,002.0
Material usage	€ million	54.0	76.3	111.7
Operating profit	€ million	22.9	24.6	57.8
Return on sales ²	%	2.5	2.4	-
EBIT return ²	%	-	-	5.9

Total revenues



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¹ Adoption of the indicators from the audited annual financial statements 2023 of the IAV Group
² Change in the key figure: The return on sales was recognized in the financial report until 2022; from 2023, the EBIT return has been reported.

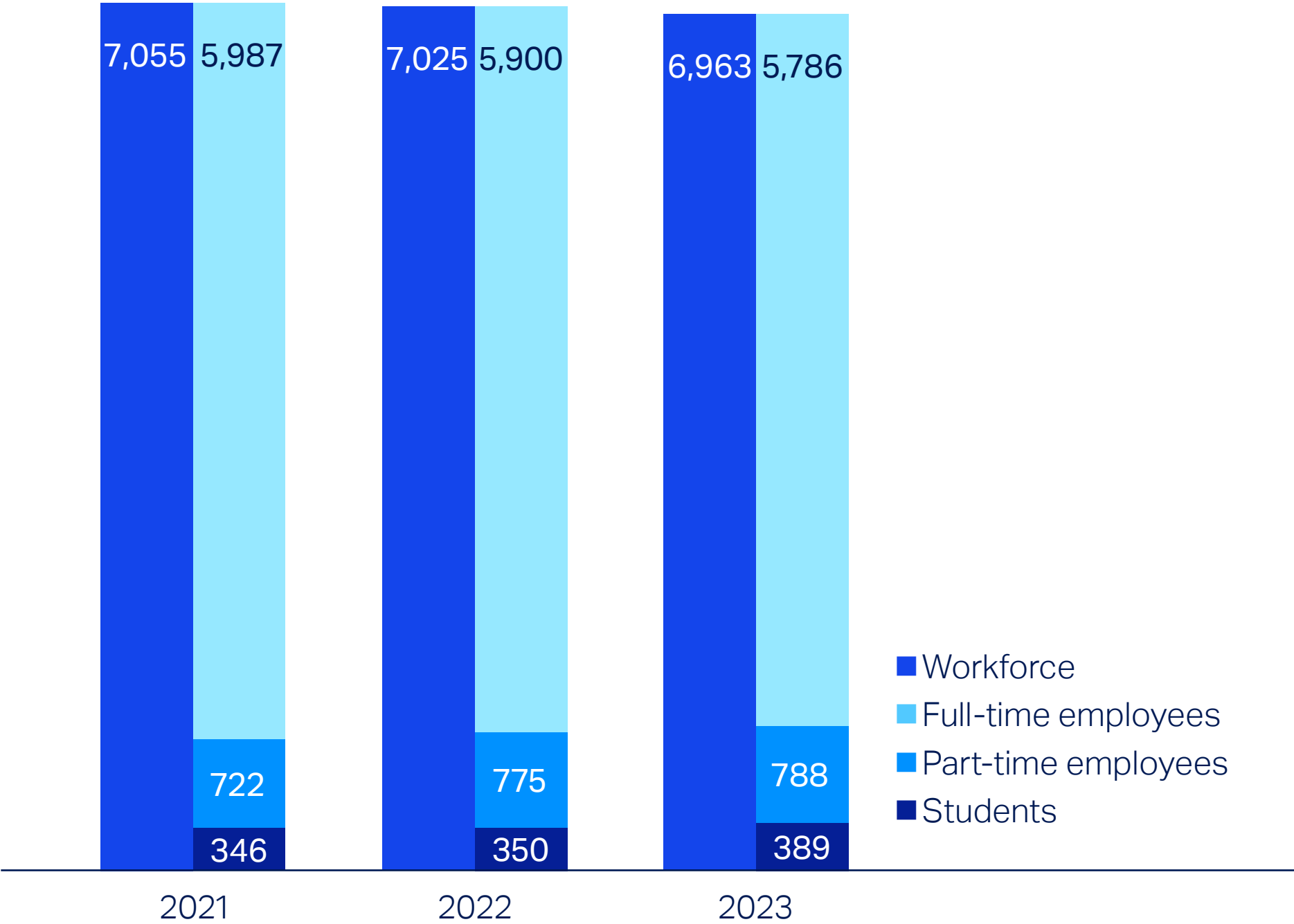


Table of key figures

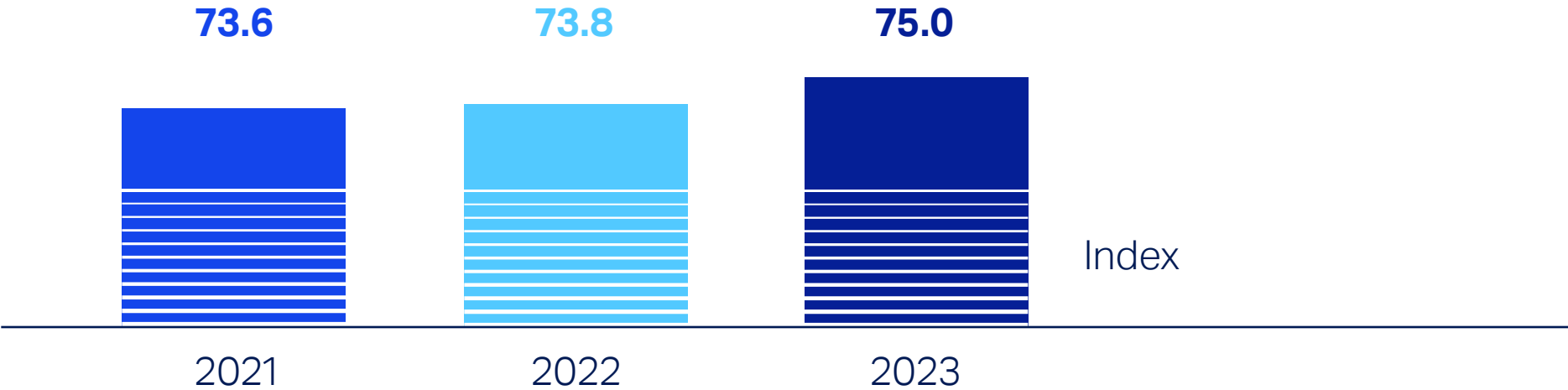
Responsibility for our employees

Number of employees ³	Unit	2021	2022	2023
Workforce	Number	7,055	7,025	6,963
Full-time employees	Number	5,987	5,900	5,786
Female	Number	708	733	728
Male	Number	5,279	5,167	5,058
Part-time employees	Number	722	775	788
Female	Number	400	412	417
Male	Number	322	362	370
Non-binary	Number	0	1	1
Students	Number	346	350	389
Female	Number	93	88	111
Male	Number	253	262	278
Employees on parental leave ^{4,5}	Unit	2021	2022	2023
Total employees on parental leave	Number	508	500	391
Female	Number	87	77	63
Male	Number	421	423	328
Retention of employees	Unit	2021	2022	2023
Average length of service ⁴	Years	10.4	10.7	11.3
Staff turnover rate ⁴	%	8.4	8.4	8.2
Employee satisfaction ⁶	Index	73.6	73.8	75.0

Number of employees³



Employee satisfaction⁶



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Responsibility for our employees

Qualification of employees ⁷	Unit	2021	2022	2023
Qualification (total)	Number	100,614	96,402	75,688
Average qualification time per employee	Hours	17.2	16.2	17.9

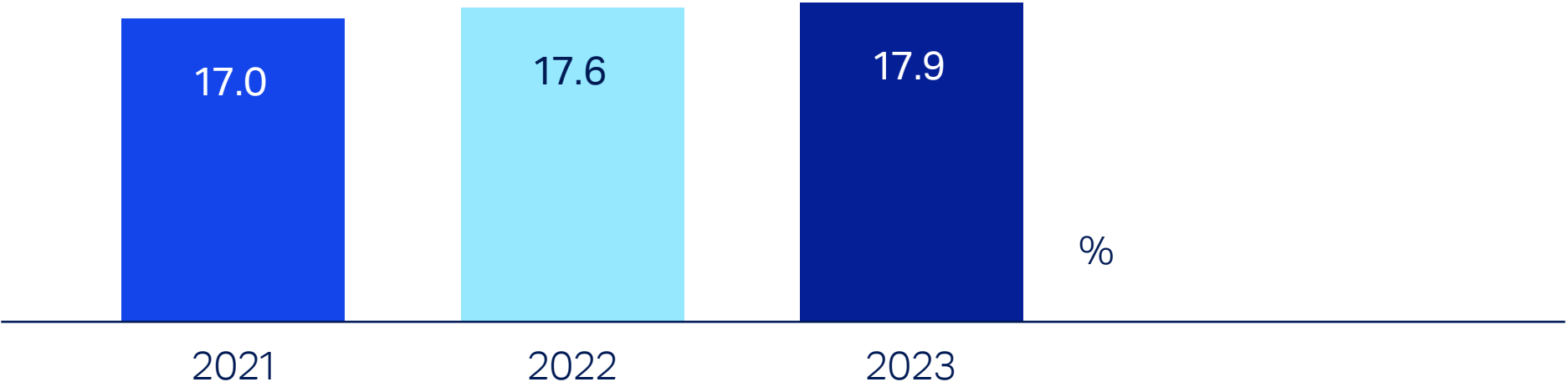
Diversity	Unit	2021	2022	2023
Proportion of women in the workforce	%	17.0	17.6	18.0
Proportion of women in management positions	%	6.0	6.7	6.7
Nationalities	Number	70	73	72

Age structure ⁴	Unit	2021	2022	2023
< 30	%	7.4	7.4	7.6
30 – 39	%	42.3	39.6	36.6
40 – 49	%	28.3	29.7	31.0
> 50	%	22.0	23.3	24.8

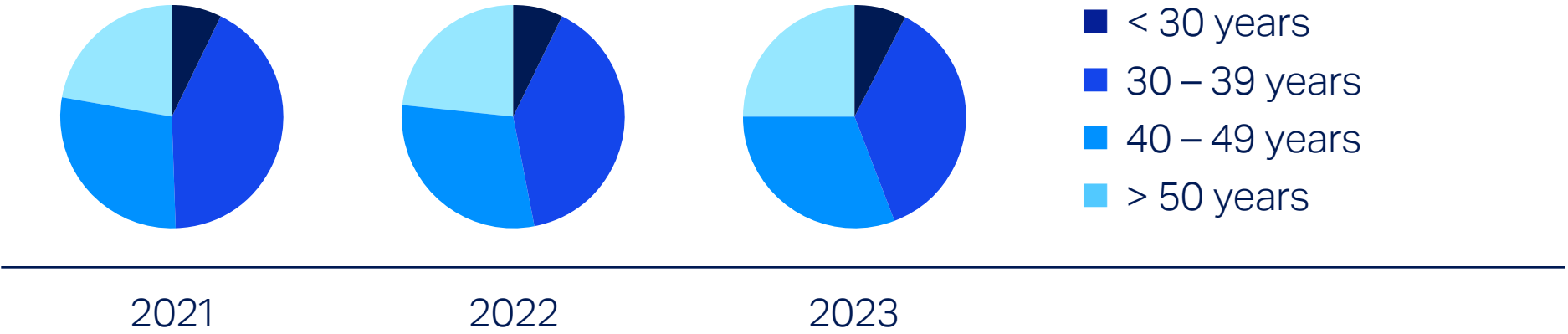
Occupational health	Unit	2021	2022	2023
Accident rate per 1,000 employees ⁸	Number	1.8	1.5	0.4

³ At the end of the year under review (Dec. 31)
⁴ Full- and part-time employees
⁵ Number of employees who took parental leave in the reporting year
⁶ Global index from the 23 standard questions of the company-wide employee survey
⁷ From 2022, fewer e-learning courses were completed due to the change in the training system
⁸ Number of reportable occupational accidents with at least four days lost per 1,000 full-time employees

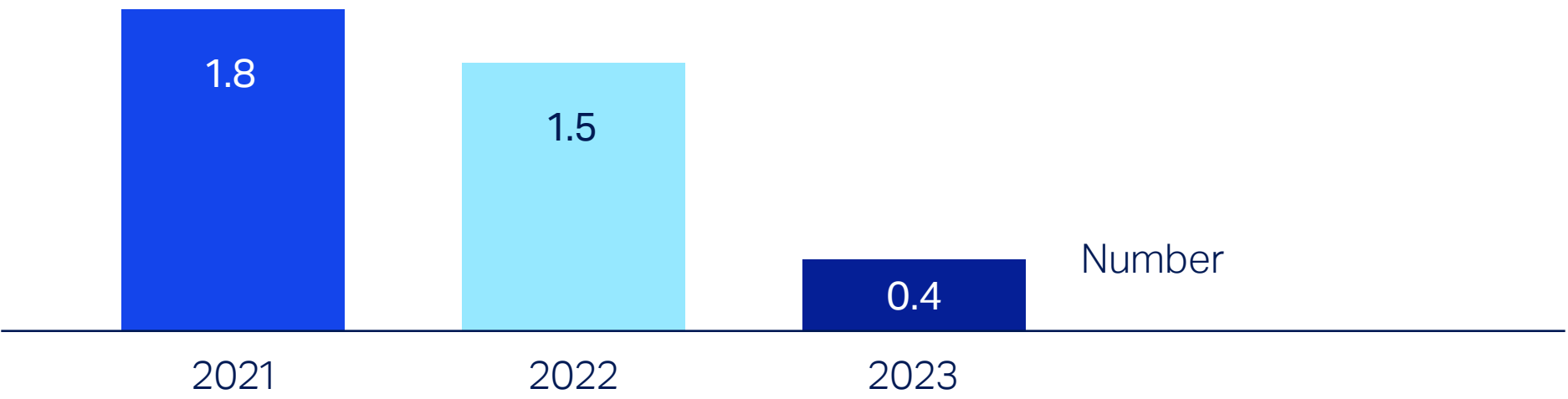
Proportion of women in the workforce



Age structure⁴



Accident rate per 1,000 employees⁸



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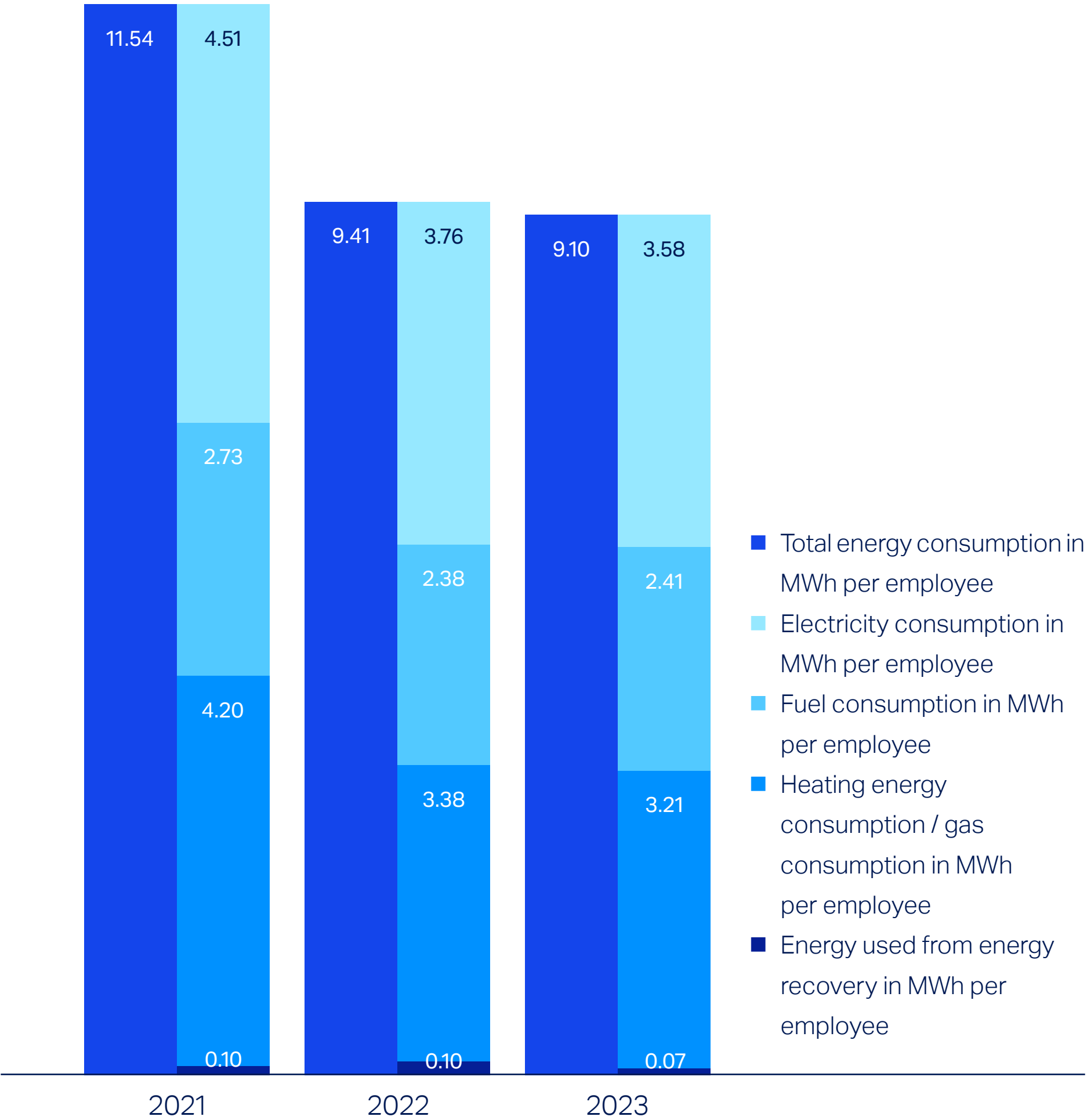
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Responsibility for the environment

Energy	Unit	2021	2022	2023
Total energy consumption	MWh	82,149	67,612 ⁹	64,868
	MWh/employee	11.54	9.41 ⁹	9.10
Total electricity consumption	MWh	32,002 ⁹	27,012 ⁹	25,514
	MWh/employee	4.51	3.76 ⁹	3.58
Electricity consumption from renewable sources ¹⁰	MWh	31,761	26,953 ⁹	25,514
Electricity consumption from non-renewable sources	MWh	336	59	0
Total fuel consumption	MWh	19,462	17,061	17,175
	MWh/employee	2.73	2.38	2.41
Fuel consumption from renewable sources	MWh	72	0	30
Fuel consumption from non-renewable sources	MWh	19,390	17,061	17,175
Total heating energy consumption / gas consumption	MWh	30,306 ⁹	24,279 ⁹	22,917
	MWh/employee	4.20	3.38 ⁹	3.21
Energy used from regenerative energy ¹¹	MWh	677	711	474
	MWh/employee	0.10	0.10	0.07

⁹ Adjustment of the value due to subsequent reports, corrections of forecast values, and estimation procedures.
¹⁰ Electricity from own generation (solar plants) and external procurement, based on supply contracts and certificates of origin.
¹¹ 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.

Energy consumption



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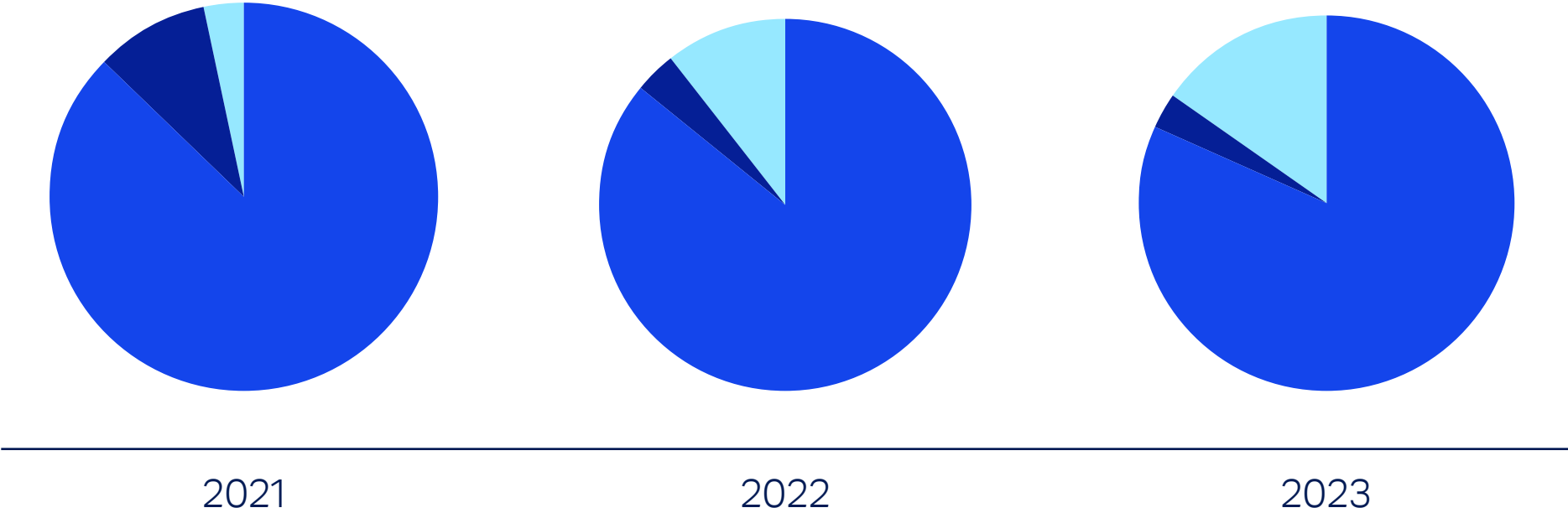
CO ₂ emissions	Unit	2021	2022	2023
Total CO ₂ emissions	t CO ₂	11,921	10,945 ⁹	11,194
	t CO ₂ /employee	1.67	1.52 ⁹	1.57
Direct CO ₂ emissions (Scope 1)	t CO ₂	10,412	9,408 ¹²	9,131
Indirect CO ₂ emissions (Scope 2)	t CO ₂	1,133 ⁹	396 ¹²	319
Other indirect CO ₂ emissions (Scope 3) ¹³	t CO ₂	377	1,142	1,698

Water and sewage	Unit	2021	2022	2023
Total fresh water consumption	m ³	69,749 ⁹	76,652 ⁹	60,454
	m ³ /employee	9.67 ⁹	10.67 ⁹	8.48
In-house production (well water)	m ³	687	0	0
External procurement (drinking water)	m ³	69,062 ⁹	77,652 ⁹	60,454
Total volume of wastewater ¹⁴	m ³	69,749 ⁹	77,652 ⁹	60,454
	m ³ /employee	9.67 ⁹	10.67 ⁹	8.48

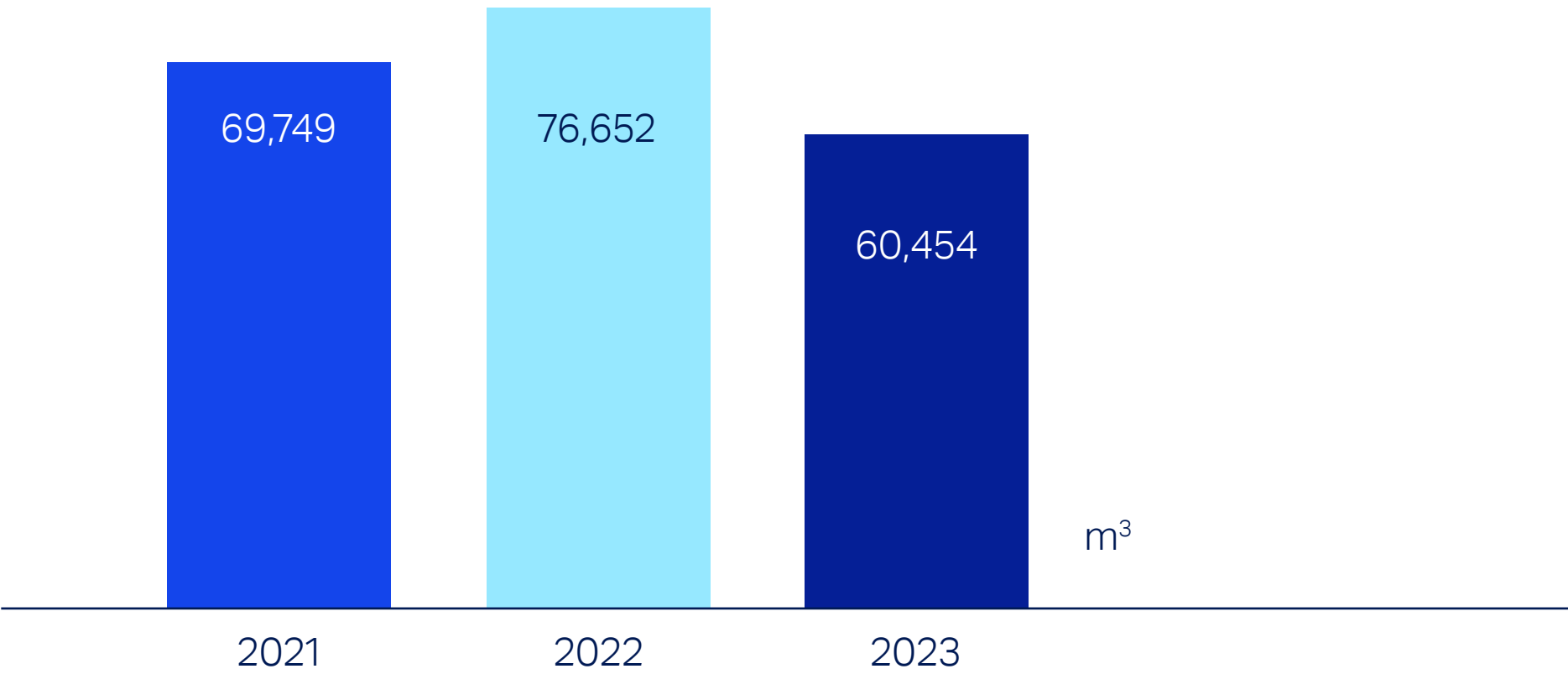
⁹ Adjustment of the value due to subsequent reports, corrections of forecast values, and estimation procedures
¹² Adjustment of the value due to allocation of the CO₂ emissions amounting to 216 t CO₂ from Scope 1 to Scope 2
¹³ The figure includes exclusively business travel by air, rental car, and local and long-distance Deutsche Bahn AG transport. Business trips made using IAV vehicles are included in Scope 1
¹⁴ 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.

CO₂ emissions

- Direct CO₂ emissions (Scope 1)⁹ in t CO₂
- Indirect CO₂ emissions (Scope 2)¹⁰ in t CO₂
- Other indirect CO₂ emissions (Scope 3)¹¹ in t CO₂



Water and sewage



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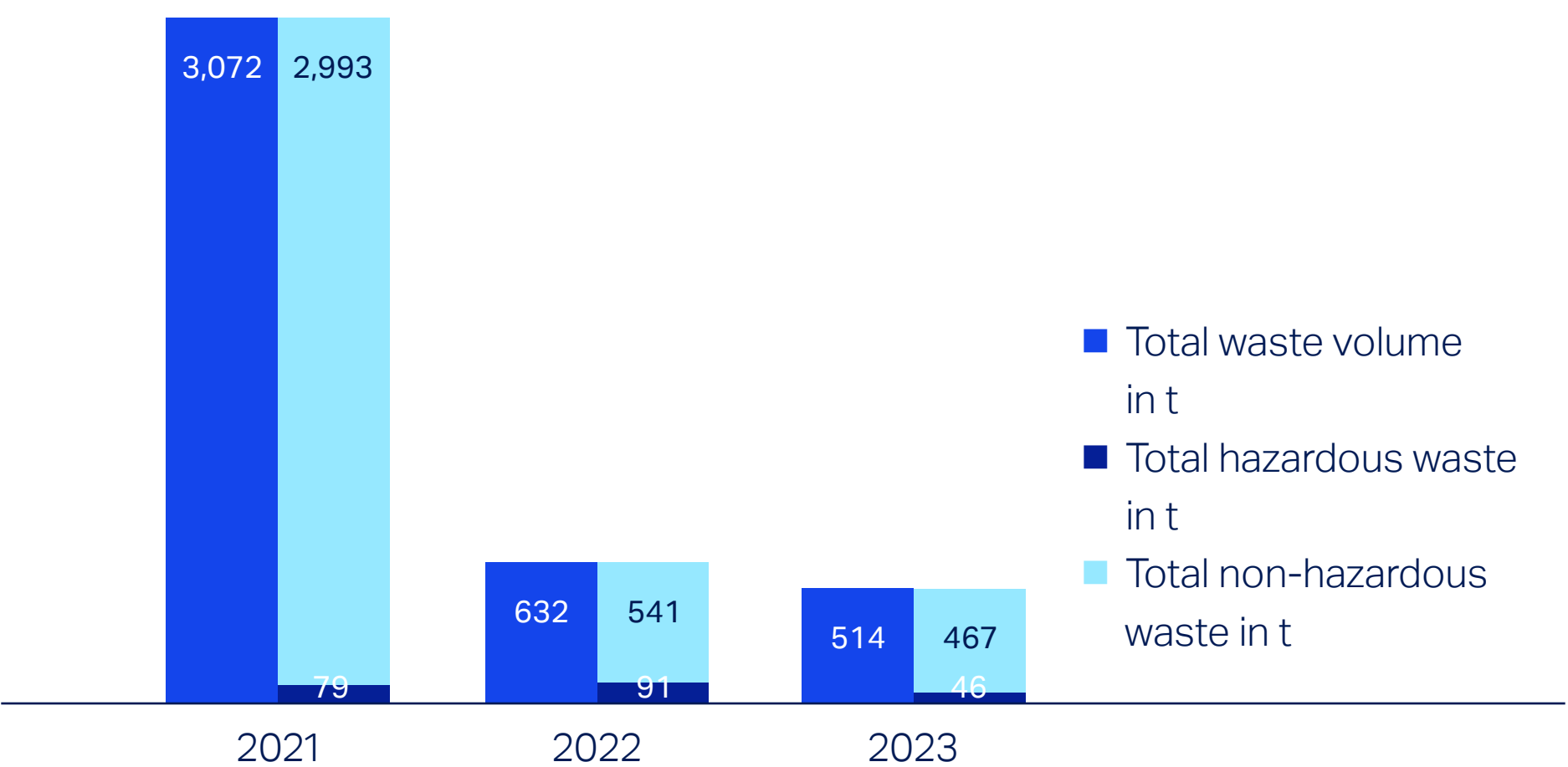
Responsibility for the environment

Waste	Unit	2021	2022	2023
Total waste generation	t	3,072	632 ⁹	514
	t/employee	0.43	0.09 ⁹	0.07
Total hazardous waste	t	79	91 ⁹	46
Hazardous waste for disposal	t	26	58 ⁹	16
Hazardous waste for recycling	t	53	33 ⁹	30
Total non-hazardous waste	t	2,993	541 ⁹	467
Non-hazardous waste for disposal	t	0	0	2
Non-hazardous waste for recovery	t	2,993	541 ⁹	465

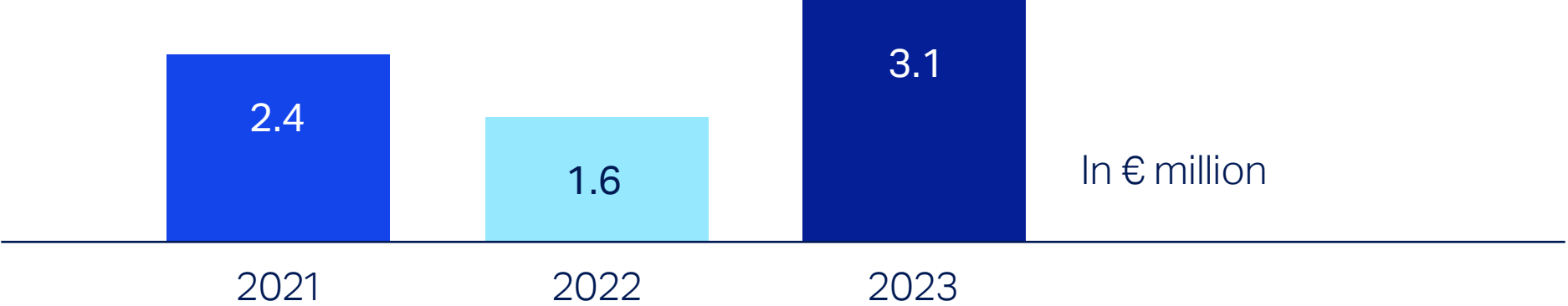
Responsibility for society

Social contribution	Unit	2021	2022	2023
Public support in IAV R&D projects	€ million	2.4	1.6	3.1
Promotion of social projects (donations)	€	5,000.0	80,000	5,000

Waste volume



Public support in IAV R&D projects



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⁹ Adjustment of the value due to subsequent reports, corrections of forecast values, and estimation procedures



Appendix

About this report

IAV's 2023 Sustainability Report provides information on the company's activities and progress within the context of sustainable development. It is an interim report for the reporting period from January 1, 2023 to December 31, 2023. The editorial deadline was May 30, 2024.

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

The Sustainability Report 2023 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 2022 and was published on May 31, 2023. All reports are available online as PDFs in German and English (www.iav.com).

Reporting standard

Neither IAV GmbH nor the IAV Group were subject to the reporting obligation pursuant to Section 289b of the German Commercial Code (HGB) on non-financial reporting in fiscal 2023. The sustainability indicators were compiled in accordance with the standards of the Global Reporting Initiative (GRI standards). IAV is committed to the ten principles of the UN Global Compact.

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 was published on May 31, 2024 and is entitled "IAV Sustainability Report 2023 – Interim Report".

Abbreviations

CHP	Combined heat and power plant
CO ₂	Carbon dioxide
CoP	Communication on Progress
CSRD	Corporate Sustainability Reporting Directive
GDPR	General Data Protection Regulation
ESG	Environment, social, governance
GmbH	Limited company (in German-speaking countries)
GRI	Global Reporting Initiative
HR	Human Resources
HVO100	Hydro-treated Vegetable Oil 100
ISO	International Organization for Standardization
AI	Artificial Intelligence
KPIs	Key Performance Indicators
kWh	Kilowatt hours
kWp	Kilowatt peak
LkSG	Supply Chain Due Diligence Act
STEM	Science, Technology, Engineering and Mathematics
MWh	Megawatt hours
RMB	Renminbi
SDGs	Sustainable Development Goals
SDV	Software-defined vehicles
SOC	Security Operation Center
TISAX	Trusted Information Security Assessment Exchange
TU	Technical University
UN	United Nations

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Auditor's note

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 Table of key figures in the chapter on Sustainability indicators in the Sustainability Report (hereinafter "Sustainability indicators") of IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin, (hereinafter: "IAV GmbH") for the period from January 1, 2023 to December 31, 2023. Our engagement in this context relates solely to the sustainability indicators.

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 by-laws 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 Sustainability indicators, 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 Sustainability indicators for the period from January 1, 2023 to December 31, 2023 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, 2023 to December 31, 2023, 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 Sustainability indicators for the period from January 1, 2023 to December 31, 2023 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, 2024. 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, May 28, 2024

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Nils Borcherdig
German Public Auditor

Marcus Carius
German Public Auditor

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IAV Sustainability Report 2023

IAV GmbH Ingenieurgesellschaft Auto und Verkehr

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