

# Sustainability Report elobau 2020

ensian Group GmbH



Preparation of the report and common good balance sheet

We used the first elobau Common Good Report with ECG Standard 5.0 as the basis for the third report. The report was drafted and developed jointly in a cross-department project. The project took approximately 400 hours, and the following individuals were involved:

Project coordination: Patrick Löw, Pascal Schwarz

A – Suppliers: Horst Huber, Karin Weinbuch

B – Owner & financial partners: Dieter Ohmeier

C – Employees: Norbert Christlbauer, Volker Hartmann

D – Customers & other companies: Oliver Brauchle, Simon Brack, Frank Bummele, Eduard Zang

E – Social environment: Patrick Löw, Nathalie Martin, Peter Aulmann

Introduction & outlook: Michael Hetzer, Rüdiger Köhler, Dr. Thilo Ittner

Editing: Bettina Baron

We would like to express thanks to all employees for their efforts in developing and supporting our vision of creating sustainable solutions.

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# INTRODUCTION

## Introductory thoughts

Up to 2016, elobau was a medium-sized family company characterised by its high sense of responsibility to its employees, society and the environment. In 2009, Michael Hetzer, then sole proprietor of elobau, had a key experience. The effects of climate change had become apparent even in the picturesque Allgäu region. Michael resolved to do his best to protect nature and conserve resources for the following generations. Since a company can be an effective platform for pursuing these ends, the ambitious goal was set for elobau of zeroing out the CO<sub>2</sub> balance of the company and the product manufacturing process beyond existing environmental measures that were already in place. With the “elobau goes green” initiative and the foundation of elobau energie KG, this goal was reached in 2010. Since 2010, elobau has operated in a carbon-neutral manner and supplies its customers with CO<sub>2</sub> neutral products.

We can proudly look back on 10 years of sustainable business operations. What does sustainability specifically mean for us? Sustainability involves the serious effort of only withdrawing as much from the economic, ecological and social lifecycle as can be restored in other ways. So that we can pass on the earth as an inheritance to our children, the cycle of nature must be emulated in our business approach. We aim to be the forerunners in this necessary change within our industries.



In 2016, Michael Hetzer transferred all of his shares in the company to a charitable foundation to ensure the continued existence of elobau independent of his involvement. Since that time, elobau has been a so-called steward ownership foundation. This means that the company cannot be sold and more or less belongs to itself.

At elobau, we are pursuing an intentional, sustainable and long-term strategy. With elobau operating as a foundation company, we seek to act meaningfully and raise the awareness of sustainability within companies and society by making our contribution to the common good. The common good can only be pursued jointly.

Michael Hetzer

Dr. Thilo Ittner

Rüdiger Köhler

Sustainable Development Goals (SDGs)

elobau unambiguously supports the 17 sustainability goals adopted by the UN General Assembly and actively promotes the achievement of the SDGs. Leveraging the company to contribute to a sustainable future was already a core value in 2009, and we wish to continue this commitment with the SDGs. At elobau, we are mindful of the fact that we can directly or indirectly bear influence on all 17 goals. To have the greatest influence, we are initially focusing on the following four SDGs.



**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**  
Together with the elobau foundation, we wish to raise awareness within society and the company regarding sustainability, environmental protection, integration and education. In the elobau academy, we are developing in-house professionals and laying the groundwork for individual continued education opportunities for employees, enabling employees to become a “company within the company”.

**Ensure sustainable consumption and production patterns**  
Our sustenance is dependent on the earth. Consequently, we believe that a circular economy taking nature as its template is essential. We hope to be the forerunner in our industries for the necessary transformation. We, therefore, seek to decisively influence consumption and production by researching and developing sustainable, long-lasting and reusable products. Our vision to accomplish the aim is founded on the cradle-to-cradle principle, which is contingent upon CO<sub>2</sub>-neutral recycling and upcycling.



**Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation**  
We seek to create innovative and highly adaptive solutions that allow industrial potential to be discovered and infrastructure to be developed. Consequently, we are working with various universities to develop and research new, adaptive and universally employable operating systems. Moreover, we seek to create our own infrastructure for affordable and clean energy by investments in renewable energy sources.

**Take urgent action to combat climate change and its impacts**  
We have already minimised emissions for which we are directly responsible in accordance with Scope 1 and 2; nonetheless, we seek to move beyond a theoretical balance and become truly 100% energy-independent. Since the majority of emissions related to this goal are indirect Scope 3 emissions, we will be striving to reduce greenhouse gas emissions in this area as well. We are hoping to constructively engage with our partners with whom we share responsibility. To smooth the path for all involved, we have been compensating since 2010 for all emissions that we are unable to reduce in accordance with the gold standard.



10 YEARS OF SUSTAINABILITY AT ELOBAU

**-2,700 t per year**  
lower CO<sub>2</sub> emissions

**-34% since 2009 (Scope 1-3)**

\*Through green electricity, biogas, alternative vehicle drive systems  
and leased bicycles

**elobau foundation**  
60 social engagement projects



\*Price range: €500 to 500,000



**GreatPlaceToWork**  
Awarded 4/5 times

2009: Launching of the initiative  
“elobau goes green”

**63,000 kg**  
Organic apples for employees



Approximately  
320,000 apples

**80% energy ratio**

\*Excluding car fleet. Green electricity and gas from offal



**55,000 organic meals**

\*Food consumed in the “Dining Room” 2018-2019

**Since 2010**  
Carbon-neutral production



**100% green electricity**

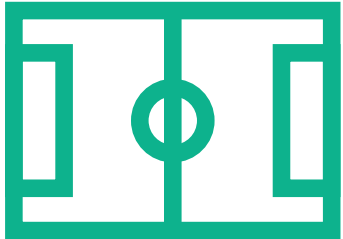
**31,000 MWh**  
of produced electricity



**10 years – 1,000 households**

\*Corresponding to the power consumption  
of approximately 1000 households over 10 years

**8,000 t**  
CO<sub>2</sub> compensated



**1,000 football fields of rain forest**  
in Costa Rica

\*Our compensation of 8,000 t CO<sub>2</sub> corresponds to an annual CO<sub>2</sub>  
storage capacity of approximately 700 hectares of reforestation in the tropics.

**1.3 million km**  
Green mileage since 2016



**31 times around the earth**

\*On foot, by bicycle, public transportation or as a passenger

**67,000 kWh**  
Charging power for hybrid/electric cars

Brief presentation of the elobau – ensian group

The international ensian group headquartered in Leutkirch is represented in 38 countries and currently employs a workforce of around 950 worldwide. Since our corporate identity is defined by the elobau brand, we use the company name elobau as a synonym for the ensian group. elobau is one of the earliest providers of contactless sensors and supplies internationally renowned companies with systems and components for off-highway vehicles, machine safety and level measurement. Our high-quality products are

manufactured in a carbon-neutral manner with high vertical integration of production activities situated in the Allgäu region. All of elobau’s business dealings are pursued with the goal of remaining a long-term and reliable partner. This holds true for our customers and employees as well as our ecological and social environment. This influences the manner in which we develop and produce our products and our view of overall corporate responsibility. We serve our customers as a partner for solving problems and helping secure their long-term success.

OPERATOR CONTROLS



- Multi-axis joysticks
- Multi-function handles
- Single-axis joysticks
- Steering column switch

SENSORS



- Ultrasonic sensors
- Position detection
- Angle sensors
- Tilt sensors

LEVEL MEASUREMENT



- Tank withdrawal units
- Ultrasonic sensors
- Miniature float switches
- Float level sensors

MACHINE SAFETY



- Emergency stop buttons
- Safety interlocks
- Configurable safety systems
- Magnetic vision sensors



Economy for the Common Good

The Economy for the Common Good is a model for organisational development and the evaluation of corporate activity. It covers 20 activities for the common good and offers assessment instructions in accordance with standards for the common good. Our company seeks to make meaningful contributions and views the Economy for the Common Good as a suitable tool for quantifying these contributions. We are convinced that an intact ecology and socially balanced society are foundational to long-term economic success. We support the claim of the Economy for the Common Good that money and markets should serve people and not vice versa. Our sustainability report is drafted in accordance with the strict criteria of Economy for the Common Good 5.0.

Our point of contact with regard to the Economy for the Common Good is Patrick Löw, the designer and implementer of sustainability at elobau. He welcomes relevant questions and can be reached at: [p.loew@elobau.de](mailto:p.loew@elobau.de)

Evaluation methods

The evaluation produces a rating according to evaluation levels from 0 to 10 points (baseline, first steps, advanced, experienced and exemplary). The evaluation levels build on each other; that is to say, the rating of “experienced” can only be reached after all of the criteria for the “advanced” level have been satisfied. A maximum of 1,000 common good points can be obtained. The minimum is -3,600 points, where a net of 0 points represents the average for the industry. Negative points are assigned for practices that harm the common good. The Economy for the Common Good balance sheet involves a two-stage process. The company drafting the report first evaluates itself, and this is followed by an outside assessment by an external auditor.

+1,000 points:

Top notch

0 points:

Industry average

-3,600 points:

Infringement of guidelines and laws

elobau score 602 points

COMPLETE BALANCE 2018-2019

AUDIT  
OPINION

| VALUES   | HUMAN DIGNITY  | SOLIDARITY AND SOCIAL JUSTICE                                 | ENVIRONMENTAL SUSTAINABILITY  | TRANSPARENCY AND CO-DETERMINATION                                    |
|--|--|---|---|--|
| STAKEHOLDERS                                     |  |   |   |  |
| A: SUPPLIERS                                     | A1: Human dignity in the supply chain<br>70%                             | A2: Solidarity and social justice in the supply chain<br>60%  | A3: Environmental sustainability in the supply chain<br>60%                           | A4: Transparency & co-determination in the supply chain<br>40%       |
| B: OWNERS, EQUITY- & FINANCIAL SERVICE PROVIDERS | B1: Ethical position in relation to financial resources<br>100%          | B2: Social position in relation to financial resources<br>90% | B3: Use of funds in relation to social and environmental impacts<br>90%               | B4: Ownership and co-determination<br>70%                            |
| C: EMPLOYEES                                     | C1: Human dignity in the workplace and working environment<br>50%        | C2: Structuring of employment contracts<br>40%                | C3: Environmentally-friendly behaviour of staff<br>40%                                | C4: Co-determination and transparency within the organisation<br>40% |
| D: CUSTOMERS & OTHER COMPANIES                   | D1: Ethical customer relations<br>70%                                    | D2: Co-operation and solidarity with other companies<br>40%   | D3: Impact on the environment of the use and disposal of products and services<br>60% | D4: Customer participation and product transparency<br>30%           |
| E: SOCIAL ENVIRONMENT                            | E1: Purpose of products and services and their effects on society<br>80% | E2: Contribution to the community<br>80%                      | E3: Reduction of environmental impact<br>60%  | E4: Social co-determination and transparency<br>50%                  |

Auditors: Ulrike Häußler, Gitta Walchner, Michael Pelzl

Valid until: 31/01/2023

TOTAL ASSETS 602

Evaluation levels of the Economy for the Common Good

| Evaluation levels | Scale           |
|-------------------|-----------------|
| Exemplary         | 7 – 10 points   |
| Experienced       | 4 – 6 points    |
| Advanced          | 2 – 3 points    |
| Getting started   | 1 point         |
| Baseline          | 0 points        |
| Negative aspects  | -200 – 0 points |

# A SUPPLIERS





“

Our stated goal is to maintain long-term partnerships with preferred suppliers who wish to pursue the same path.”

Horst Huber, Director of Purchasing

#### A1

Human dignity in the supply chain

Page 18

#### A2

Solidarity and social justice  
in the supply chain

Page 28

#### A3

Environmental sustainability  
in the supply chain

Page 30

#### A4

Transparency and co-determination  
in the supply chain

Page 33

A: SUPPLIERS

A1 Human dignity in the supply chain

GRI standards for A1.1

202-1, 204-1, 205-1, 302-2, 308-1, 406-1, 408-1, 409-1, 414-1, 414-2

A1.1 Work conditions and social impact in the supply chain

In an initial evaluation of all suppliers who supply production materials, as well as service providers and suppliers of capital goods as of a particular annual sales level, we collect important information regarding finances, ecology and social issues (in the form of data and/or certificates). At the same time, we confirm that the minimum wage law is respected. This information is evaluated using a point system and saved in our supplier master data. We choose our suppliers based on the aforementioned criteria as well as other empirical values concerning quality, punctuality, supplier proximity, soft skills, etc.

Suppliers who do not satisfy minimum standards are generally not awarded contracts. For example, if the initial supplier evaluation does not reveal a sufficient number of sustainability points, the relationship is terminated if the supplier does not pursue any improvements. The expiration of environmental and energy certificates is monitored, a reminder is sent if needed, and all updates recorded in our system.

Geographic risk approach

There are many reasons why we strongly prefer local suppliers: With 9,000 active purchased articles and approximately 1,400 active suppliers, product and supplier management becomes highly complex. Additionally, there are no product labels in the long value creation chains in our industries.

Given our market position, purchase quantities are frequently low (little market leverage), and the size of our company sets natural (resource-related) limits to complex on-site audits. We, therefore, deem it appropriate to give preference to regional and European suppliers. One benefit of this approach is the more stringent environmental and social legislation within the EU compared with other countries and regions (see for example REACH, RoHS, Directive 2014/95/EU) as well as established rankings<sup>1</sup> and international assessments based on sustainability standards. In areas that are particularly subject to risks such as the procurement of printed circuit boards, we give special weight to environmental certifications which we request in the context of our supplier assessment (see A3 Environmental sustainability in the supply chain).

Preferred suppliers

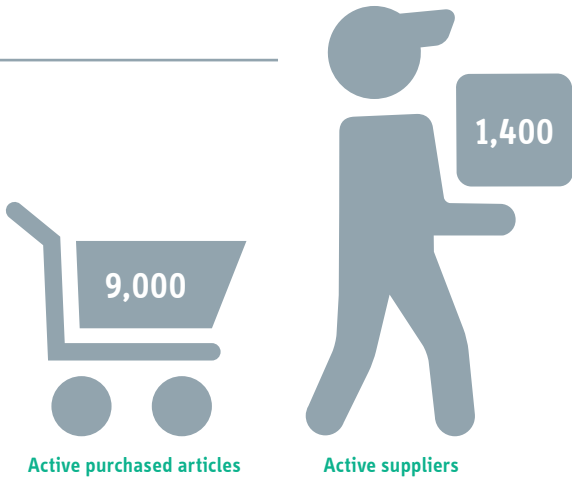
Preferred suppliers are important strategic suppliers with whom we work in a long-term and close partnership and with whom we constantly and jointly optimise the value creation chains as part of supplier management. These suppliers are audited by us on site, evaluated and assisted in their further development by mutual agreement. As part of the audit, important economic, ecological and social aspects are examined, evaluated using a point system, and recorded. Improvements, both potential and achieved, are shared. If a supplier needs support, we offer our experience.

Extended workbenches

Outsourcing (“extended workbenches”) is not included in the indicators. However, all suppliers are located in Germany and Europe. We also carry out initial surveys and audits in these cases. The selection criteria of the “extended workbench” correspond with those of the supplier selection.

21 Suppliers  
cited in the reporting period  
as “preferred suppliers”.

PRODUCT AND SUPPLIER  
COMPLEXITY



<sup>1</sup> An example of a relevant ranking can be found under the following link: <https://www.robecosam.com/en/key-strengths/country-sustainability-ranking.html>



Purchased goods and services

The overall purchasing volume is divided into different groups of materials and services. The cost of materials is by far the largest share (approximately 66%). In our opinion, this is also where the greatest risk lies. This is why we primarily examine this aspect below.

Percentage share of purchased articles

| Purchasing groups                                      | 2016   | 2017   | 2018   | 2019   |
|--|--------|--------|--------|--------|
| Cost of materials                                      | 69.21% | 68.19% | 68.73% | 64.18% |
| Investments  | 8.24%  | 12.25% | 9.64%  | 16.35% |
| Rent/lease   | 3.38%  | 2.91%  | 2.82%  | 2.71%  |
| Sales  | 2.58%  | 2.44%  | 3.79%  | 2.20%  |
| Marketing  | 2.29%  | 1.93%  | 1.60%  | 1.68%  |
| Software maintenance                                   | 2.03%  | 1.73%  | 2.26%  | 2.08%  |
| Cost of goods delivery                                 | 1.87%  | 1.68%  | 1.84%  | 1.54%  |
| Maintenance of machines/operating and office equipment | 1.91%  | 1.48%  | 1.40%  | 1.64%  |
| Insur./contributions/taxes/donations                   | 1.51%  | 1.46%  | 1.59%  | 1.25%  |
| Space/building   | 1.73%  | 1.43%  | 1.28%  | 1.28%  |
| Consulting   | 1.63%  | 1.32%  | 1.54%  | 1.48%  |
| Energy/disposal  | 1.45%  | 1.01%  | 1.06%  | 1.15%  |
| Other costs  | 0.46%  | 0.70%  | 1.14%  | 0.94%  |
| Office   | 0.82%  | 0.63%  | 0.50%  | 0.55%  |
| Vehicle fleet  | 0.68%  | 0.59%  | 0.59%  | 0.57%  |
| Certification  | 0.21%  | 0.25%  | 0.22%  | 0.39%  |

Material groups

We procure production materials and services in about 41 different areas including product groups, mechanical engineering and plant construction, services as required (e.g. training, development services, building services, personnel services, etc.). The areas and product groups mentioned are listed in more detail below:

Purchased product groups

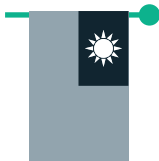
| Material group | Designation                               |
|----------------|---|
| A              | Permanent magnets                         |
| B              | Electronic components                     |
| C              | Electromechanical components, other       |
| CA             | Reed switches                             |
| CB             | Relays                                    |
| CC             | Branded products                          |
| D              | Cables, lines                             |
| DA             | Cable accessories                         |
| DB             | Cable sets                                |
| E              | Plug connections/connectors               |
| F              | Turn-milled metal parts                   |
| FA             | Turn-milled plastic parts                 |
| G              | Plastic granules/batch                    |
| H              | Printed circuit boards without components |
| HA             | Assembled printed circuit boards          |
| I              | Metal castings                            |
| J              | Injection-molded parts                    |
| K              | Sheet metal working parts                 |
| L              | Signs, stickers, labels                   |
| LA             | Other printed items                       |
| M              | Chemical products                         |
| N              | Auxiliary materials (non-chemical)        |
| NT             | Standard parts, screws, nuts              |
| O              | Springs/wire bending parts                |
| PA             | Gaiters                                   |
| PB             | Seals, protective caps, O-rings           |
| PZ             | Other rubber parts                        |
| Q              | Tools                                     |
| RA             | Foam parts (PUR)                          |
| RZ             | Other plastic parts                       |
| SA             | Metal tubes (by the meter)                |
| SB             | Tube bent parts                           |
| SZ             | Other metal parts                         |
| T              | Floats                                    |
| V              | Fastening elements, except NT             |
| W              | Bearings (plane, ball...)                 |
| X              | Packaging materials                       |
| Y              | Occupational safety/sanitary products     |
| Z              | Office materials                          |
| ZA             | Office furniture                          |
| ZMI            | Marketing items                           |

PURCHASING TURNOVER BY SUPPLIER LOCATION 2018/2019

Germany 86.08%  
EU country 10.42%  
Switzerland 1.08%



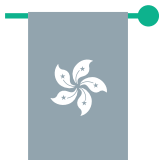
Taiwan 0.87%



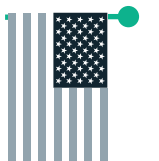
China 0.83%



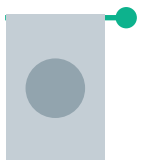
Hong Kong 0.56%



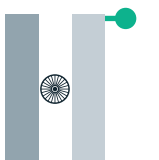
United States 0.11%



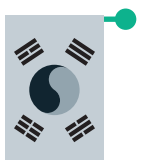
Japan 0.03%



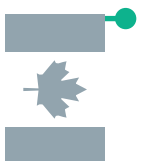
India 0.01%



South Korea 0.01%



Canada 0.01%



Ascertaining social risks

We evaluate social risks through the initial survey and classification, the supplier's country of origin, the article's country of origin and through audits. We source on average 86% of our purchased products/ services from companies in Germany and about 10% of products/ services from the European Union.

New indicator: Country-associated risk to purchasing turnover by supplier location

We have introduced the indicator "Country-associated risk to purchasing turnover by supplier location" to allow us to better recognise country-specific efforts concerning sustainability. The scope of the country risk indicator includes 12 internationally recognised indices in the areas of human rights, freedom, equality, labour law, human development, corruption and environmental issues. 95% of purchases are reviewed more closely. The table entitled "Country-associated risk to purchasing turnover by supplier location 2018/2019" reveals that the majority of our suppliers originate from countries with a low country-associated risk. Approximately 1% of purchases originate from Romania, which has a moderate country-associated risk.

Country-associated risk to purchasing turnover by supplier location 2018/2019

| Country        | Percent purchasing turnover | VDMA indicator |
|----------------|-----------------------------|----------------|
| Germany        | 86.084%                     | 0.667          |
| Italy          | 2.246%                      | 0.500          |
| Belgium        | 2.201%                      | 0.633          |
| Czech Republic | 1.864%                      | 0.515          |
| Romania        | 1.262%                      | 0.364          |
| Switzerland    | 1.082%                      | 0.667          |
| Great Britain  | 0.952%                      | 0.633          |

| Scale | VDMA indicator | Country-associated risk |
|-------|----------------|-------------------------|
|       | 0.500 - 1.000  | Low                     |
|       | 0.300 - 0.499  | Medium                  |
|       | 0.000 - 0.299  | High                    |

Summarised country-associated risk by supplier location using the indicated indices.

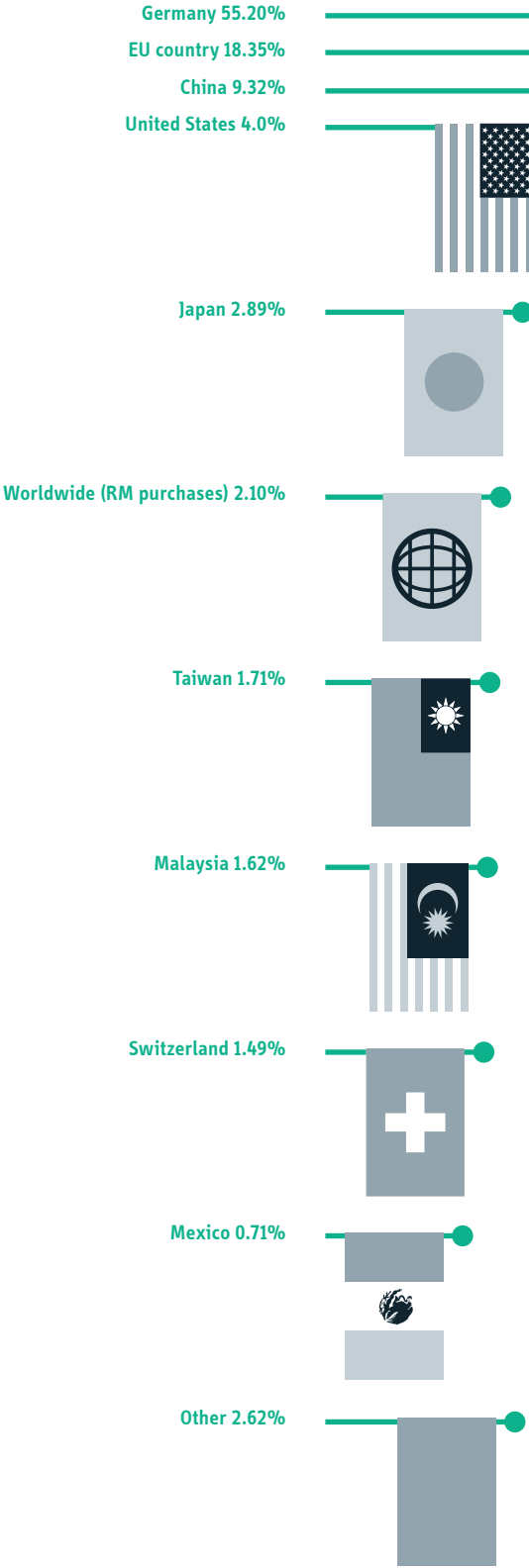
Indices for ascertaining country-associated risk

- Human Development Index
- Corruption Perception Index
- Worldwide Governance Indicators Voice and Accountability
- Worldwide Governance Indicators Rule of Law
- Worldwide Governance Indicators Control of Corruption
- Index of Economic Freedom
- Environmental Performance Index
- ITUC Global Labour Rights Index
- Freedom in the World Score
- World Economic Forum Global Gender Gap Report
- BTI Status Index
- Global Slavery Index

96%  
of our purchased parts are  
procured from the EU.



PURCHASING TURNOVER BY COUNTRY OF ORIGIN 2018/2019



Purchasing turnover by country of origin

For volume-related reasons, we are forced to purchase certain groups of goods, such as electronic components or plug housings, from distributors. Since we are striving to better determine the actual origin of the products, we also evaluate the country of origin for master articles. The manufacturers behind the scenes are often major global players who have situated their production sites internationally. Based on the above-mentioned public country rankings in regards to regional sustainability standards, we assume that fair working conditions generally prevail in EU countries. In cases of non-EU countries, a higher risk must be assumed depending on the country and manufacturer.

We investigate violations of human rights on site during the supplier audit if possible. In the selection of suppliers and articles and when visiting suppliers, we attempt to incorporate the topic of sustainability with our suppliers and their affiliated groups in discussions, reviews, and exclusions if necessary.

Country-associated risk to purchasing turnover by country of origin 2018/2019

| Country        | Percent purchasing turnover | VDMA indicator |
|----------------|-----------------------------|----------------|
| Germany        | 55.196%                     | 0.667          |
| China          | 9.314%                      | 0.242          |
| USA            | 3.995%                      | 0.467          |
| Czech Republic | 3.884%                      | 0.515          |
| Italy          | 3.760%                      | 0.500          |
| Japan          | 2.888%                      | 0.600          |
| Belgium        | 2.506%                      | 0.633          |
| Taiwan         | 1.706%                      | 0.556          |
| Malaysia       | 1.622%                      | 0.364          |
| Great Britain  | 1.552%                      | 0.633          |
| Switzerland    | 1.491%                      | 0.667          |
| France         | 0.817%                      | 0.567          |
| Finland        | 0.804%                      | 0.667          |
| Mexico         | 0.721%                      | 0.273          |
| Slovenia       | 0.637%                      | 0.467          |
| Austria        | 0.582%                      | 0.633          |
| Philippines    | 0.449%                      | 0.273          |
| India          | 0.443%                      | 0.242          |
| Poland         | 0.441%                      | 0.424          |
| Russia         | 0.424%                      | 0.182          |
| Hungary        | 0.410%                      | 0.424          |
| Thailand       | 0.317%                      | 0.212          |
| Bulgaria       | 0.192%                      | 0.394          |
| Greece         | 0.178%                      | 0.300          |
| Romania        | 0.163%                      | 0.364          |
| Slovakia       | 0.147%                      | 0.455          |
| Croatia        | 0.117%                      | 0.424          |
| South Korea    | 0.213%                      | 0.455          |
| Ireland        | 0.111%                      | 0.667          |

Summarised country-associated risk by country of origin using the indices on page 23.

| Scale | VDMA indicator | Country-associated risk |
|-------|----------------|-------------------------|
|       | 0.500 - 1.000  | Low                     |
|       | 0.300 - 0.499  | Medium                  |
|       | 0.000 - 0.299  | High                    |

Certificates and ethics standards

To the best of our knowledge, with the exception of coffee (fair trade), there are no product certificates for the products and services that we require. As an alternative, we review ethical standards such as codes of conduct or management systems.

PURCHASE TURNOVER BY CERTIFICATES/ETHICS STANDARDS 2018/2019

Environmental certificates  
(such as ISO 14001) as of 15 points



Energy certificates  
(such as ISO 50001) as of 15 points



Ethics standards/certificates  
(such as Code of Conduct) as of 35 points



Implemented measures with respect to A1.1

The sustainability aspects of the last report (important and relevant suppliers should be contacted at least once a year to determine whether they have achieved an improvement) could not be tracked but were largely covered by certificates, however. In the future, this will be assessed using the new supplier platform.

We have added the missing information regarding the country of origin of the articles. Consequently, the indicators have also changed. Additionally, we have introduced the indicator “Country-associated risk to purchasing turnover by supplier location” (see page 23) to allow us to better recognise country-specific efforts with respect to sustainability.



Objectives relating to A1.1

In order to reliably rank our suppliers regarding sustainability, we are searching for a web-based supplier platform that allows the required transparency through appropriate monitoring. Moreover, the supplier relationship management system (SRM system) will serve as an additional basis for supplier development in the future and will also assist in the selection of suppliers. New and existing purchased parts will be evaluated and ranked with respect to their sustainability.

18.5 years  
is the average duration  
of our business relationships with suppliers.

A1.2 Violation of human dignity in the supply chain

Non-EU countries, especially China and India, have a higher risk in this regard. When selecting suppliers/articles, the effects are evaluated during the selection process and in audits. We do our utmost to counteract these effects (see A1.1 and the indicator “Purchasing turnover by country of origin”).

GRI standards for A1.2

406-1, 408-1, 414-1

Objectives relating to A1.2

In the next reporting period, we intend to ask our suppliers about the use of conflict materials (CMRT). An initial goal would be to obtain an overview on the company level with the aim of further increasing the declaration rate.





A2 Solidarity and social justice in the supply chain

GRI standards for A2.1

414-1

A2.1 Fair business practices towards direct suppliers

To estimate the ratio of value-added between ourselves and our suppliers, in this report we use only the gross value added. This is the indicator commonly used and calculated by us. Vertical integration is not clearly defined and therefore not comparable to other companies. However, it can be assumed that our vertical integration is relatively high. Because of our technological equipment (for example with integrated tool manufacturing and our own injection moulding department), we are able to manufacture a very large share of our products ourselves. For capacity reasons, however, we are currently forced to outsource selected processes to suppliers that we could otherwise carry out ourselves. Nonetheless, this only takes place in conjunction with a detailed audit and only within the EU (see A1.1 “Extended workbench”).

Pricing and delivery conditions

Our pricing is based on the relevant markets. In terms of delivery conditions, we aim for “free domicile”, and payments are generally made within ten, or a maximum of 30 days, which is significantly below the industry average. Since we have been working with our suppliers for many years, they are familiar with the conditions and have usually adjusted their price calculations accordingly. Using framework supply agreements, we agree on corresponding delivery quantities with suppliers at fixed prices and purchasing time frames. We are on an equal footing with our suppliers in regards to price negotiations. This is not possible if our suppliers are significantly larger than us and leverage their market power against elobau.

Gross added value<sup>2</sup>

|  | 2015   | 2016   | 2017   | 2018   | 2019   |
|--|--------|--------|--------|--------|--------|
| Share of added value in EUR gross value added <sup>2</sup> / EUR sales | 66.34% | 66.77% | 66.52% | 63.75% | 64.91% |

Intensive and long-term business relationships

We are also intensifying our business relationships with preferred suppliers (see A1.1). We are not aware of any specific complaints from suppliers regarding price, payment and delivery conditions during the reporting period. The average duration of a business relationship with our suppliers is approximately 18.5 years (prior report: 18 years). This figure is calculated from the first 80% of our purchasing volume.

<sup>2</sup> Definition of gross added value:  
Total turnover (operative + revenues development)  
- Raw materials / auxiliaries / operating materials  
- Commodities / injection molding tools / samples / prototypes  
- Purchased services (outsourcing of production, outsourcing of development)  
- Incidental purchasing costs (incoming freight, customs duties)



Implemented measures with respect to A2.1

We performed 37 supplier audits which yielded 21 new preferred supplier partnerships. These new partnerships allow us to better fulfill current and future customer requirements together with our suppliers (see A1.1 – Preferred suppliers).

A2.2 Exercising a positive influence on solidarity and social justice throughout the supply chain

GRI standards for A2.2

102-12, 102-13, 205-1, 308-1, 308-2, 406-1, 408-1, 414-1, 414-2

As already described in A1.1, we essentially use a risk approach that is based on geography. We perform our evaluation based on the supplier’s country of origin and the article’s country of origin and also carry out on-site audits. The topic of “fair and solidary dealings in the supply chain” is part of this and is addressed in particular by enquiring about ethical standards during the initial survey. All suppliers of production materials and all major service providers are affected by the issue of fair and solidary treatment of stakeholder groups (see A1.1).

Product labels

According to our knowledge, there are no product labels for the products/services required by us. Instead, we evaluate ethical standards such as a Code of Conduct (see A1.1 indicator “Purchasing turnover by certificates / ethics standards”).

37 supplier audits  
were performed during the reporting period.



**Implemented measures with respect to A2.2**

In the context of strategic purchasing for permanent magnets, we became aware of the “FairMagnet” initiative (<https://www.fairmagnet.org>). Since we find this topic of great interest, we contacted our magnet suppliers and asked them about the initiative. An initial evaluation revealed that only a few of our suppliers have become involved with the initiative.



**Objectives relating to A2.2**

As a following step, we would like to determine in discussions whether our supplier base for permanent magnets can be influenced in this direction and whether this could be a factor in the placement of orders.

**A2.3 Abuse of market power against suppliers**

Our market power vis-à-vis suppliers is rather limited due to the small and medium-sized purchase volumes. As already described in the previous points, we maintain a fair and open relationship with our suppliers.

**A3 Environmental sustainability in the supply chain**

**GRI standards for A3.1**

102-12, 102-48, 302-1, 302-2, 302-4, 303-1, 305-1, 305-2, 305-3, 308-1, 308-2, 414-1

**A3.1 Environmental impact throughout the supply chain**

**Evaluation of ecological risks**

We evaluate ecological risks using the following criteria:

- By means of the initial survey with classification
- By means of the supplier’s country of origin
- By means of the article’s country of origin
- By means of the materials or substances
- Via audits (see A1.1)

**Purchased parts**

Our purchased parts can have harmful environmental effects due to the extraction of raw materials, energy consumption, use of materials and chemicals as well as the packaging and transport of the products. Due to the fact that we have approx. 1,400 suppliers, a more in-depth environmental assessment within the supply chain cannot realistically be carried out at this time. An overview of the raw materials and purchased parts used can be found in the table “Product groups” under A1.1.

**Suppliers and production materials**

The selection of suppliers is based on a points system from our initial supplier survey – as already explained under A1.1. The purchased production materials are selected by our development department. In the Gate 2 product development process (PDP), we also examine possible environmental aspects under the point “Sustainability potential”. Through further measures such as supplier audits, supplier visits and quality assurance agreements, we try to influence our suppliers as well as their contact groups.

**Certificates and container management**

To our knowledge, no ecology-related product certificates exist in our industry. That is why we consider suppliers with environmental certificates to be an “ecologically superior alternative” within the spirit of the Economy for the Common Good (see A1.1). As part of our procurement and quality processes, we take into account the current REACH and RoHs requirements as stipulated by law. We keep this information in a REACH/RoHs register. In regards to our container management, we are gradually switching to environmentally friendly reusable packaging in the relevant areas.

**Procurement of equipment, machines and plants**

Machines and plants are selected by our production department. The IMS5 process “Sustainability aspects in procurement processes” must be observed:

- Energy efficiency
- Environmental and social risks
- Product quality
- Service life
- Recycling
- Noise and noise values
- Additional benefits for the manufacturer

**Vehicle fleet and carbon footprint**

In fleet procurement, clear CO<sub>2</sub> limits and an SUV ban apply; in energy procurement, we pay attention to minimum standards for green electricity. See sections C (commuting) and E3 (energy) for details.

As part of our annual carbon footprint assessment, we record all greenhouse gas emissions from purchased parts. These constitute the lion’s share of our carbon footprint (see E3).

**Differentiation from the competition**

Unlike our competitors, we conduct a detailed initial supplier survey in this area, which includes the topic of sustainability and its three aspects. The information gained in this way flows into the master data and is used in the selection of suppliers. To our knowledge, an exact survey of the CO<sub>2</sub> emissions from purchased parts is also not a common business practice among our competitors.





Implemented measures with respect to A3.1

In the previous reporting period (2016-2017), we set a goal of reviewing our preferred printed circuit board suppliers in China. Since the product group of printed circuit boards is considered critical for reasons of sustainability, the top three suppliers and their manufacturers were audited on-site in China in 2019. The audited companies all have a certified environmental management system in accordance with ISO 14001. The QM/purchasing team was unable to identify any obvious violations of human rights and environmental protection, and the obtained impression was consistently positive. Moreover, a tidy and well-organised production facility according to 5S and lean management criteria was found. Energy and resource efficiency play a major role at all of these companies. For example, every company has a water treatment plant that is used to purify wastewater from production before it is returned to the hydrological cycle. The treatment of employees is an important element of social responsibility for elobau, and greater attention is therefore being given to this matter. All plants provided employee residences in the proximity of the company grounds. Additionally, one manufacturer erected a sports hall where employees could pursue various leisure activities. After the audits had been passed, the audit team proposed that all three printed circuit board manufacturers be preferred suppliers.



Objectives relating to A3.1

A new sustainability platform (see A1.1) will assist us in increasing transparency of the environmental consequences of suppliers. Moreover, we wish to explore alternative printed circuit board technologies, their lifecycle analyses and procurement criteria in close collaboration with universities, institutes, customers and suppliers to allow us to reduce risk in this area.

GRI standards for A3.2

308-1, 308-2

A3.2 Disproportionate environmental impact within the supply chain

We are not aware of disproportionately high environmental impacts of purchased products/services. Increased harmful environmental impacts are possible for printed circuit boards from non-EU countries, especially China. The first step in the selection of suppliers is to focus on environmental certification of the main suppliers and manufacturers (see table below).

Furthermore, we try to influence our suppliers and their contact groups in supplier audits, during supplier visits and with quality assurance agreements on the subject of the environment.

For non-EU suppliers, we carry out a semi-annual survey of the REACH status, with corresponding implementation of measures if necessary.

| Suppliers of Chinese printed circuit boards | Distributors/ manufacturers | Percentage of total sales | Supplier country | Certificate          | Cumulative sales |
|---|-----------------------------|---------------------------|------------------|----------------------|------------------|
| Supplier 1                                  | Distributor                 | 22.13%                    | D/ CN            | ISO 14001            | 22.13%           |
| Supplier 2                                  | Manufacturer                | 15.32%                    | SLO/ SLO         | ISO 14001            | 37.45%           |
| Supplier 3                                  | Manufacturer                | 13.40%                    | D/ CN            | ISO 14001            | 50.85%           |
| Supplier 4                                  | Manufacturer                | 12.75%                    | D/ D             | None                 | 63.60%           |
| Supplier 5                                  | Distributor                 | 11.40%                    | D/ CN            | ISO 14001            | 75%              |
| Supplier 6                                  | Distributor                 | 4.55%                     | D/ CN            | None                 | 79.55%           |
| Supplier 7                                  | Distributor                 | 4.30%                     | D/ CN            | ISO 14001, ISO 26000 | 83.85%           |
| Supplier 8                                  | Distributor                 | 3.55%                     | D/ CN            | ISO 14001            | 87.40%           |

Details of Chinese printed circuit board suppliers



Implemented measures with respect to A3.2

During the reporting period of 2018-2019, all items without a country of origin were identified in discussions with the relevant suppliers and entered into the system. In the future, the country of origin will be recorded when an item is entered for the first time.



Objectives relating to A3.2

The only supplier with a main office outside of Germany that does not possess a certificate is supplier 6. As a consequence of weaknesses with respect to the environment, delivery reliability, communication and a failure to improve, the supplier will be replaced in the future with more capable and environmentally conscious suppliers.

A4 Transparency and co-determination in the supply chain

A4.1 Transparency towards suppliers and their right to co-determination

We mainly purchase technical products, which require more transparency and communication to begin with. At the start of each year, our suppliers receive a supplier evaluation from us based on the previous year. In this way, our suppliers receive feedback on the quality, adherence to delivery dates, quantity reliability and overall evaluation, among other things. This feedback motivates suppliers to make further optimisations. Questions that we receive from our suppliers regarding the supplier evaluation are of course checked and answered accordingly. Furthermore, if agreed, we send monthly forecasts to indicate planned purchase quantities for the next nine months. Questions are answered accordingly, and problems are usually clarified in advance by mutual agreement.

GRI standards for A4.1

414-1

Drafting contracts

When drafting contracts, our suppliers can also submit their change requests. In this case, we try to come to reasonable solutions by mutual agreement and conclude appropriate contracts. For example, we have incorporated the interests of several suppliers into our quality assurance agreement.

Joint product development

In product development, we gladly consider the ideas of our suppliers if necessary. In large customer projects with sheet metal parts and die casting suppliers, we developed new parts in close collaboration, which allowed us to jointly optimise the deployment of materials. We are also intensifying our business relationships with preferred suppliers in regards to information policy and co-determination rights (see A1.1). We are not aware of any complaints from our suppliers regarding information policy and co-determination rights in this reporting period.



Implemented measures with respect to A4.1

As mentioned under 2.1, we performed 37 supplier audits during the reporting period. As a result of these audits, 21 new preferred supplier partnerships were created. By closely collaborating with our suppliers in product development, we were able to use fewer materials.



Objectives relating to A4.1

It is our desire for more suppliers to become preferred suppliers. Through relevant audits, we would also like to increase transparency and joint decision-making in a co-operative relationship. A new supplier platform will help us perform audits and communicate with suppliers.

GRI standards for A4.2

414-1

A4.2 Positive influence on transparency and co-determination throughout the supply chain

To the best of our knowledge, there are no product labels for the products and services required by us. We operate with ethical standards that ultimately allow us to state how we deal with indirect suppliers. However, we do not take any measures in this regard that go further than our direct suppliers.



Implemented measures

- Successful audit of our top three printed circuit board suppliers in China, who will become preferred suppliers
- Introduction of the indicator “Country-associated risk to purchasing turnover by supplier location” based on 12 international indices to help identify country-specific performance with respect to sustainability
- Recording of all countries of origin of supplied products
- 37 supplier audits, which generated 21 new preferred supplier partnerships
- Initial involvement with the “FairMagnet” initiative and survey of our suppliers
- Reduction of materials use through close collaboration with suppliers



Objectives

- Classification of additional suppliers as preferred suppliers
- Greater transparency and joint decision-making in a co-operative relationship
- Introduction of a new supplier platform to facilitate communication with our suppliers and lend greater transparency to the assessment of their sustainability standards
- Review alternative printed circuit board technologies in close collaboration with universities, institutes and customers to reduce the associated risk in the future
- Survey our suppliers with respect to the use of conflict materials (CMRT) with the aim of further increasing the declaration rate
- Optimised compliance with ecological, economic and social standards throughout the supply chain for raw magnets in conversation with our suppliers of permanent magnets through the “Fair Magnet” initiative

ECG evaluation scale

| Review results                              | A1.1 | A1.2 | A2.1 | A2.2 | A2.3 | A3.1 | A3.2 | A4.1 | A4.2 |
|---|------|------|------|------|------|------|------|------|------|
| Exemplary (7-10 points)                     |      |      |      |      |      |      |      |      |      |
| Experienced (4-6 points)                    | 7    |      | 5    | 6    |      | 6    |      | 4    | 4    |
| Advanced (2-3 points)                       |      |      |      |      |      |      |      |      |      |
| Getting started (1 point)                   |      |      |      |      |      |      |      |      |      |
| Negative aspects                            |      |      |      |      |      |      |      |      |      |
| Negative aspects (0 to 200 negative points) |      | -1   |      |      | 0    |      | -1   |      |      |



B  
OWNER  
&  
FINANCIAL PARTNERS





“

Our independence from the capital market allows us to focus our investments on sustainability and ecology and not just financial considerations.”

Dieter Ohmeier, authorised signatory of the ensian Group GmbH

**B1**

Ethical position in relation to financial resources

Page 40

**B2**

Social position in relation to financial resources

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**B3**

Use of funds in relation to social and environmental impacts

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**B4**

Ownership and co-determination

Page 45



B: Owner and financial partners

B1 Ethical position in relation to financial resources

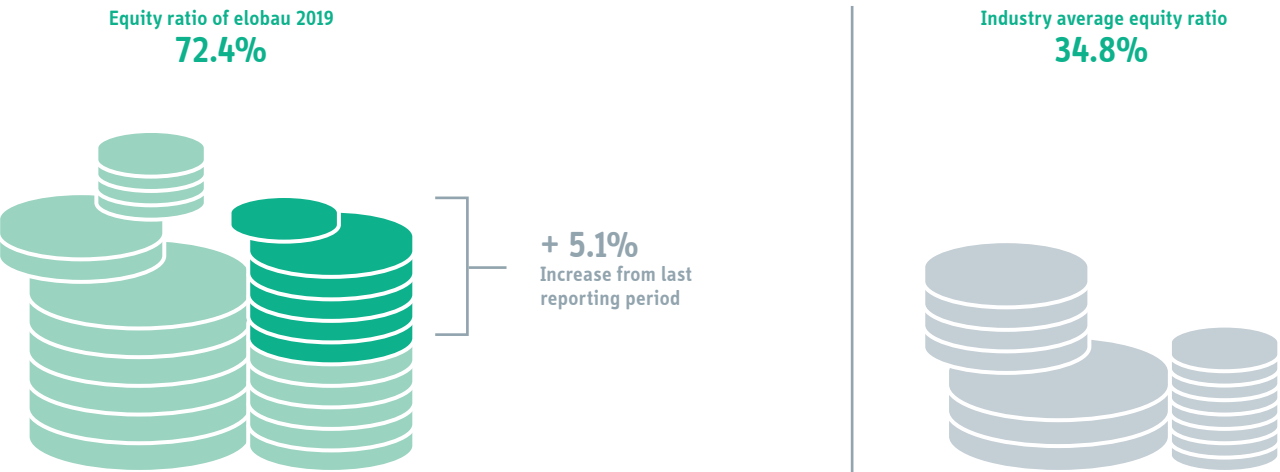
GRI standards for B1.1

102-7, 201-1

B1.1 Financial independence through equity financing

The ensian group is financed primarily through equity. In 2019 our equity ratio was approximately 72.4%, which is above the industry average of 34.8% (Statista<sup>3</sup> + KfW<sup>4</sup>). This translated into a 5.1% increase over the last reporting period, which allowed us to expand our independence further. The equity base was further strengthened through transfers to the capital reserves. This creates financial stability and enables us to react quickly and flexibly to a wide variety of requirements. Investments can mainly be financed from operating activities. Most of the profit generated is invested in the company or remains there as a reserve.

EQUITY



Sustainable financial institution

By choosing a sustainable financial institution, the structure of elobau’s financing was configured to ensure an ethical approach in accordance with the ecological, economic and social orientation of GLS. The ethical position of our financial partner is evaluated by assessing its investment funds.

Employment of profit

A sufficient reserve of equity capital is ensured through investment planning accomplished by determining the needs of the various areas, which are then approved by the foundation board. No distribution to stakeholders occurs; profits are retained or reinvested. Through our independence from the capital market, our investments can focus on sustainability and ecology and not just financial considerations. The dual foundation model ensures that 10% of earned profits are passed on to the foundation (see B2.1). elobau gains the lion’s share of its profits through the sale of products. This allows us to be independent of the capital market and offers a hedge against potential fluctuations.

Objectives relating to B1.1

As a long-term strategic goal, we intend to continue our independence, which gives us a very high degree of flexibility in our investment activities. For this reason, a very high equity ratio will be maintained in the future as well.

B1.2 Common Good-oriented borrowing

GRI standards for B1.2

203-1, 302-4

The only leveraged loan was through our ethical bank, GLS. This was for an investment in renewable energies: a solar farm in Fraureuth with an output of 2.4 GWp. Alternative forms are currently not anticipated. Our foundation model (see B4.1) ensures that the majority of earned profits can be recycled into necessary investments. In 2019, elobau’s debt ratio was 27.6%. At the end of the reporting period, the loan amount equalled €875,000. Through profit retention<sup>5</sup>, further debt financing could be avoided, and the equity-to-asset ratio could even be increased. This also yields an improved credit rating as well as a favourable rating among our stakeholders. Additional financial instruments do not have to be pursued. For 20 years, elobau has not taken out any loans from commercial banks. If a loan were to be procured, it would be financed through a sustainable financial institution.

Objectives relating to B1.2

Our envisioned goal is to continue financing all investments from business activity and remain independent from the financial market. To expand financial leeway and be able to handle any bottlenecks that may arise, we are relying on our partnership with our ethical bank.

<sup>3</sup> Average equity-to-asset ratio of medium-sized businesses in Germany: <https://de.statista.com/statistik/daten/studie/150148/umfrage/durchschnittliche-eigenkapitalquote-im-deutschen-mittelstand/>  
<sup>4</sup> KfW Research Volkswirtschaft Kompakt No.199: <https://www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Volkswirtschaft-Kompakt/One-Pager-2020/VK-Nr.-199-Juni-2020-Corona-EKQ.pdf>, 29 June 2020

<sup>5</sup> Retention of profit to self-finance a company.

GRI standards for B1.3

102-6, 102-12, 302-2, 302-4, 401-2, 416-1

B1.3 Ethical position of external financial partners

All payment transactions are currently handled through GLS Gemeinschaftsbank. At the end of the reporting period, our existing company credit cards were terminated, and new cards were issued by GLS. Through an effective information campaign, we achieved our goal from the last reporting period of notifying our customers that all incoming payments would be handled through GLS and that we would be cancelling our account with Deutsche Bank. Consequently, GLS is currently our sole partner within Germany. The ethical position of our financial partner is evaluated by reviewing its investment funds (see B3.2).

Sustainable retirement provision plans

Since 2017, we have been offering our employees the opportunity to use a sustainable insurance product for pensions. The “Pangaea Life” offer is an offshoot from the parent company “Bayerische Beamten Lebensversicherung a.G.” and is subject to very strict investment criteria<sup>6</sup>. “Pangaea Life” allows us to link personal coverage and provisions for the future with sustainability. The “Pangaea Life” fund invests exclusively in fully sustainable projects such as renewable energies. For example, investments in nuclear energy, war materials and in applications that are harmful to the environment and health are avoided. Approximately 40% of elobau employees that have a company pension scheme have taken advantage of this opportunity.



Objectives relating to B1.3

We also wish to increasingly engage with sustainable banks on an international level. Our international subsidiaries have been advised to use a sustainable bank if it becomes necessary to change. The long term financial independence of individual subsidiaries will be ensured by controlling finance through the headquarters.

B2 Social position in relation to financial resources

GRI standards for B2.1

102-7, 201-1, 203-1, 302-4

B2.1 Solidarity and Common Good-oriented use of funds

Since the main owner (with 99% of the shares) is the elobau charitable foundation, which receives 10% of the profit, 90% of the profit remains in the company. 99% of the foundation’s share (10%) is distributed to the elobau foundation, and 1% is distributed to the Hetzer foundation. Company profit is used every year for investments and risk hedging. The elobau foundation has no other expectation of the company, which means that the company can also decide to invest all its profits or build up larger reserves for recessions. In order to finance the ongoing costs and certain projects of the foundation, however, the foundation receives a minimum distribution of EUR 150,000 and a maximum of EUR 750,000.

<sup>6</sup> Investment criteria of the Pangaea Life Fund: <https://www.pangaea-life.de/fonds/investitionskriterien>

In comparison to the previous reporting period (2016-2017), elobau achieved a very rapid growth in sales of 17.5% within the current period (2018-2019). The greater investments during this reporting period are a consequence of the expansion of our production areas surrounding building sections 3 and 4 using a sustainable wood construction method to produce energy-plus buildings (2018-2019: 9.2 million).

Reserves

The reserves are a voluntary capital contribution generated by converting the former shareholder loans into equity of the ensian group. This reorganisation occurred in the context of the establishment of the foundations in 2015/2016. Since all shareholder loans were converted at this point in time, there was no subsequent conversion in the following years.

| Indicator   | 2018 | 2019 |
|---|------|------|
| Net surplus from operating activities (million euros)                               | 8.6  | 10.9 |
| Planned investments (following year – million euros)                                | 11   | 10   |
| Actual investments made (million euros)<br>(strategic expenses and asset additions) | 6.6  | 10.7 |
| Transfer to reserve (million euros)   | 0    | 0    |

Net surplus, investments and reserves



Objectives relating to B2.1

We also intend to keep the focus of our investment activities on sustainable and ecologically beneficial activities in the future as well. Short-term business success will not be the primary consideration.

B2.2 Unfair distribution of funds

We do not distribute funds unfairly within the company. No sites were closed or jobs eliminated. Due to our foundation model (see B4.1), no returns are distributed to external shareholders.

GRI standards for B2.2

201-1

B3 Use of funds in relation to social and environmental impacts

B3.1 Environmental quality of investments

Ecological aspects play a role in all investments. If reasonable, ecological factors take precedence over economic factors. We have no ecological renovation needs, but we take ecological aspects into account as part of all major investments. These are evaluated and are important for decision-making. The evaluation of sustainability criteria is an integral part of the process for the procurement of machines and plants. This starts with the selection of suppliers and service providers using the initial supplier survey.

GRI standards for B3.1

302-1, 302-4, 308-1



Additionally, energy efficiency, environmental and social risks such as product quality, service life, recycling and noise pollution are all seriously considered. In particular, all new systems are tested for energy efficiency.

Vehicle fleet and buildings

Our vehicle fleet is also being gradually converted to electric or hybrid vehicles. All new vehicles must satisfy strict, self-imposed criteria (see C3.2). Regarding energy efficiency, our buildings are also investigated in winter using a thermal imaging camera to find locations that require renovation.

The energy-plus construction approach is being employed for new construction phases 3 and 4 in Plant 2 in Leutkirch. The sawtooth roof design enables the copious passage of daylight and sufficient space for two additional PV systems (see E 3.1). elobau operates a total of eight photovoltaic plants with an overall output of 3.88 MWp.



Objectives relating to B3.1

Ecological aspects play a role in all investments. However, these considerations can be expanded even further. An assessment of ecological renovation needs can be pursued.

B3.2 Common Good-oriented investment

elobau has invested in a GLS Bank equity fund. Only those companies are allowed to participate in this fund that have satisfied all assessment criteria and therefore meet the strict social and ecological principles of GLS Bank. The GLS Bank equity fund follows a buy-and-hold approach; that is to say, the primary focus is on long-term sustainable participation in the companies involved in the fund and not profit from short-term speculation. The GLS Bank equity fund offers authenticity, years of expertise and above all transparency. All companies admitted into the investment portfolio are furthermore subject to ongoing monitoring.



Objectives relating to B3.2

Additional participation in companies that develop sustainable products.

GRI standards for B3.3

302-4, 305-1, 305-2, 305-3, 416-1

B3.3 Reliance on environmentally unsafe resources

We can already replace most ecologically questionable resources, such as fossil resources. Energy self-sufficiency based on renewable energies is a firm objective of our mission statement (see E3.1). Since 2010, our production activities have been carbon-neutral, and we prepare an annual carbon footprint analysis, including Scope 3 emissions, on the basis of which measures are taken (see detailed information under E3). Our business model includes the processing of fossil-based plastics in the majority of our products.

We initiated the development of bio-based, i.e. petroleum-free, plastics as early as 2015 and have since become an industry pioneer in this field (see D). In 2019, we were able to successfully launch the Midi armrest that we developed.

B4 Ownership and co-determination

B4.1 Common Good-oriented ownership structure

GRI standards for B4.1

102-5, 102-14, 102-16, 102-18

A dual foundation model was established in 2016. It consists of a non-profit elobau foundation, which holds 99% of the shares in the elobau Group, and the Hetzer foundation, which holds 1% of the shares. The voting rights are exactly the opposite. The charitable elobau foundation holds 1% of the voting rights, the Hetzer foundation 99%. The idea behind establishing the foundations was to permanently preserve the company, secure corporate succession and, not least, to limit dividend payments, which are used for charitable purposes specified by the founder.

FOUNDATION MODEL



The foundation model as such is oriented toward the common good, primarily because profits are distributed to a charitable foundation for a specific purpose. It also prevents takeovers by large corporate groups and employs a broad-based decision-making process. Moreover, the foundation model focusing on the common good cannot be changed into another form of business. The executive board is formally appointed. The previous owner handed over his property in perpetuity to a charitable foundation with a clearly defined purpose, set up a mechanism for transferring profit to the foundation, established a supervisory body, and distributed decision-making to numerous individuals.

The charitable elobau foundation does not have a significant say in the ensian group. The members of the advisory board of the ensian group are the same as those of the board of management of the Hetzer foundation, which is the primary decision-making body for the ensian group.

A single individual, Inas Nureldin, was added to the advisory board of the Hetzer foundation in 2019. With his background, the founder and CEO of Tomorrow Bank brings additional expertise to the decision-making body. In particular, the funds are to be employed to bring about positive change.

Decision-making principles of the advisory board

The advisory board is included in strategic decisions, appoints the Executive Director, and functions as supervisory body. The transparent decision-making process of the members of the Hetzer foundation is based on the data derived from company and budget figures as well as the priorities developed by the strategy team, along with input from advisory board members, who contribute based on their experience in various industries. The strategy team is composed of individuals from every part of the value creation chain, and this allows them to transparently offer the greatest possible level of service.

Employee say

For many years, we have embodied a corporate culture that gives all employees a great deal of decision-making leeway in their areas, and we are continuing to expand this. This means that, in principle, every employee is involved in the decision-making process in his area or in decisions that impact his area.

B4.2 Hostile takeover

The dual foundation model ensures that elobau cannot be sold since it is a foundation company.

Implemented measures

- Handling all payment transaction of elobau Deutschland through a sustainable financial institution (GLS Gemeinschaftsbank)
- Reduction of dependence on ecologically problematic resources by launching a modular Midi armrest made of bio-based plastics
- Addition of Inas Nureldin (founder & CEO of Tomorrow Bank) to the advisory board of the Hetzer foundation to further expand expertise in the sustainable use of finances
- Addition of Rüdiger Köhler (sales and marketing) to the executive board of elobau GmbH & Co.KG to reinforce our strategic alignment

Objectives

- Retain a high equity ratio and therefore a high level of flexibility and financial independence from the financial market
- Switch to sustainable bank alternatives at the international level
- Further increase the focus of investment activities on sustainable ecological developments and investments in companies that develop sustainable products

ECG evaluation scale

| Review results                              | B1.1 | B1.2 | B1.3 | B2.1 | B2.2 | B3.1 | B3.2 | B2.3 | B4.1 | B4.2 |
|---|------|------|------|------|------|------|------|------|------|------|
| Exemplary (7-10 points)                     | 10   | 10   | 9    | 9    |      | 8    | 9    |      | 7    |      |
| Experienced (4-6 points)                    |      |      |      |      |      |      |      |      |      |      |
| Advanced (2-3 points)                       |      |      |      |      |      |      |      |      |      |      |
| Getting started (1 point)                   |      |      |      |      |      |      |      |      |      |      |
| Negative aspects                            |      |      |      |      |      |      |      |      |      |      |
| Negative aspects (0 to 200 negative points) |      |      |      |      | 0    |      |      | 0    |      | 0    |

# C EMPLOYEES





“

For us, equality and a focus on people are of prime importance, and these principles guide us in our sustainable and social approach to managing employees.”

Norbert Christlbauer, Director of Personnel

## C1

Human dignity in the workplace and working environment

Page 52

## C2

Structuring of employment contracts

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## C3

Environmentally friendly behaviour of staff

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## C4

Co-determination and transparency within the organisation

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C: EMPLOYEES

C1 Human dignity in the workplace and working environment

GRI standards for C1.1  
102-12, 102-14, 102-16, 401-1,  
401-2, 402-1, 403-1, 403-5, 404-1,  
404-2

C1.1 Employee-focused organisational culture

As a foundation company, it is important for us to embody a robust, people-oriented corporate culture on a daily basis together with our employees, as well as to develop and improve on this culture. As the core of our corporate culture, we have defined “Focus on people” and “With one another & for one another” as our guiding principles. We believe that equal opportunity is strategically and systematically anchored within these principles of action. In addition, we have defined our guiding principles for effective communication, which are designed to facilitate our day-to-day interactions.

A

♥

elobau

e

# Guiding principles for good communication

👥

I respect my colleagues and value their work

💬

I inform and respond in a timely manner

✖

I avoid speculations without concrete knowledge

👄

I dare to ask

✓

I am optimistic and I provide solutions

📅

I adhere to agreements

🎯

I clearly express my expectations

😊

I offer fair criticism promptly and directly

♥

A

**Onboarding**  
As part of their onboarding, we offer all new colleagues an intensive training program, which was revamped in 2019. Important aspects of this program include our Executive Director Talk as well as our sustainability training. The sustainability training was also revamped in 2019. All executive staff are receiving training as part of the initial stage of a currently running program. As part of the Executive Director Talk, our CEO Michael Hetzer personally answers any questions new employees may have and provides an overview of the development of the company and the two foundations.

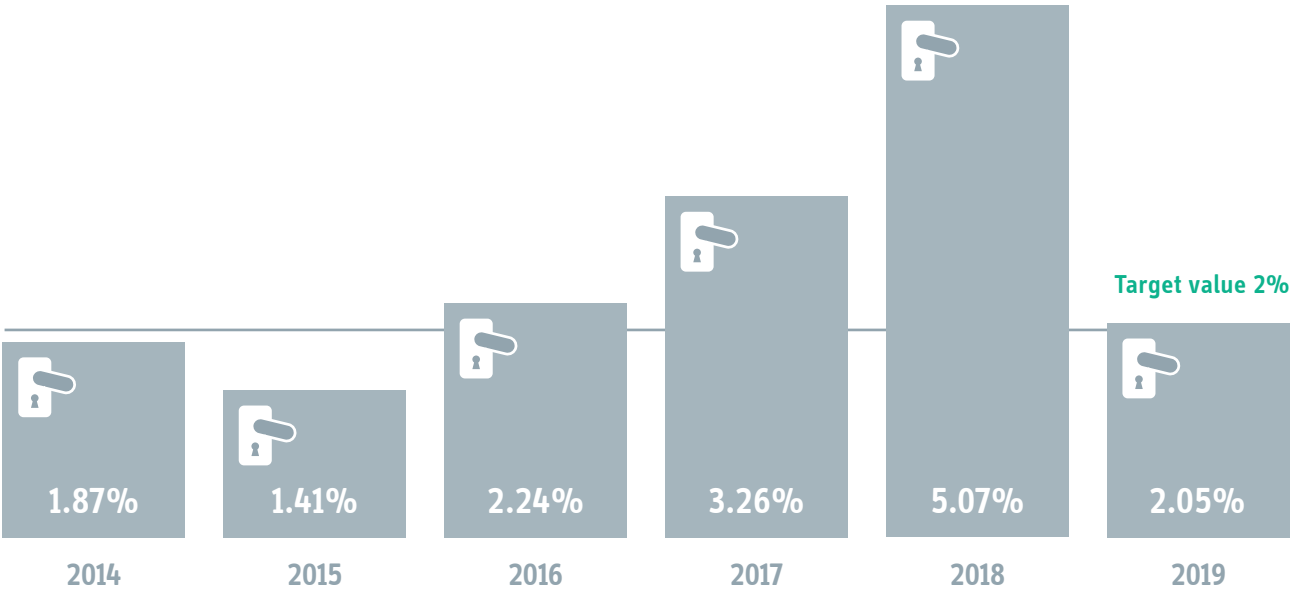
**Feedback opportunities, participation and information**  
There is no works council for employees at elobau. We believe that all employees, together with their managers and managing directors, can address and change issues through dialogue. To allow our employees to provide regular feedback on our workplace culture, we participate in the “Great Place to Work®” study every two years and survey our employees anonymously.

To keep overall satisfaction at a high level, we set up a working group with volunteers after the last survey in 2019, which initiates changes primarily through self-organisation. The most important activity that was launched from these efforts is eloTalk-Live!, where executives frequently provide employees with information on questions raised by the workforce as part of a kind of “info fair”. In 2016, we also introduced the collaboration tool Beekeeper, an internal employee app which facilitates ad hoc coordinating, among other things.

**Fluctuation rate**  
Having a low employee turnover rate is also a sign of employee satisfaction. Our goal is to not exceed a fluctuation rate of 2%. Unfortunately, we were not able to achieve this level in 2017/2018. We seek to learn the motivation for departures in exit interviews. There has been no indication to date that management style has ever been the reason for leaving. We are currently discussing the consequences associated with a low fluctuation rate. Does this influence the level of innovation of an organisation?

All graphs and evaluations in this section are based on data from December 31, 2019

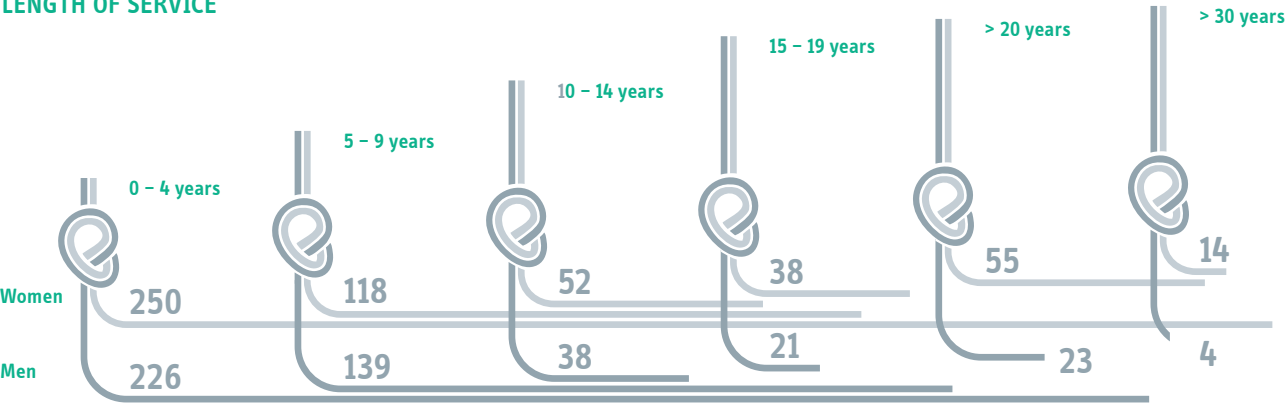
FLUCTUATION RATE



Length of service

Employees staying with the company for long periods of time is also an indication of their satisfaction. The average length of service is 7.1 years. The graph clearly reveals that the last 10 years were characterised by strong growth. A quarter of the employees have been with the company for more than 10 years.

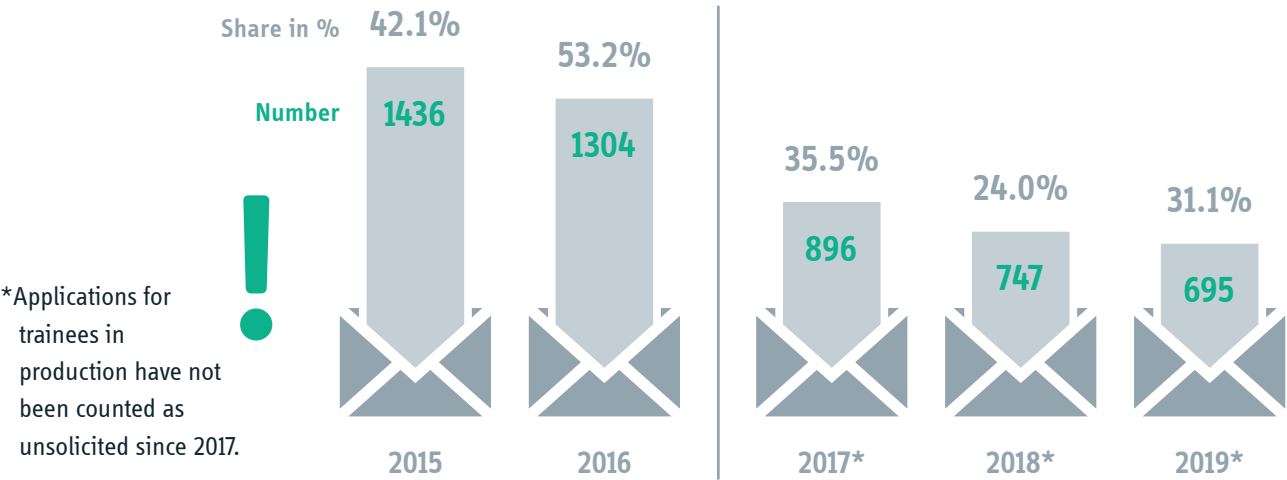
LENGTH OF SERVICE



Unsolicited applications

elobau is a popular employer in the Allgäu/Upper Swabia region. This is also underscored by the number of unsolicited applications. In 2018 and 2019, the share of unsolicited applications rose 24 and 31% respectively. A great majority of these resulted from recommendations by our employees. A change in the process explains the drop in the following diagram. As of 2017, applications for trainee positions in production (production assistants and precision workers) are no longer counted as unsolicited applications.

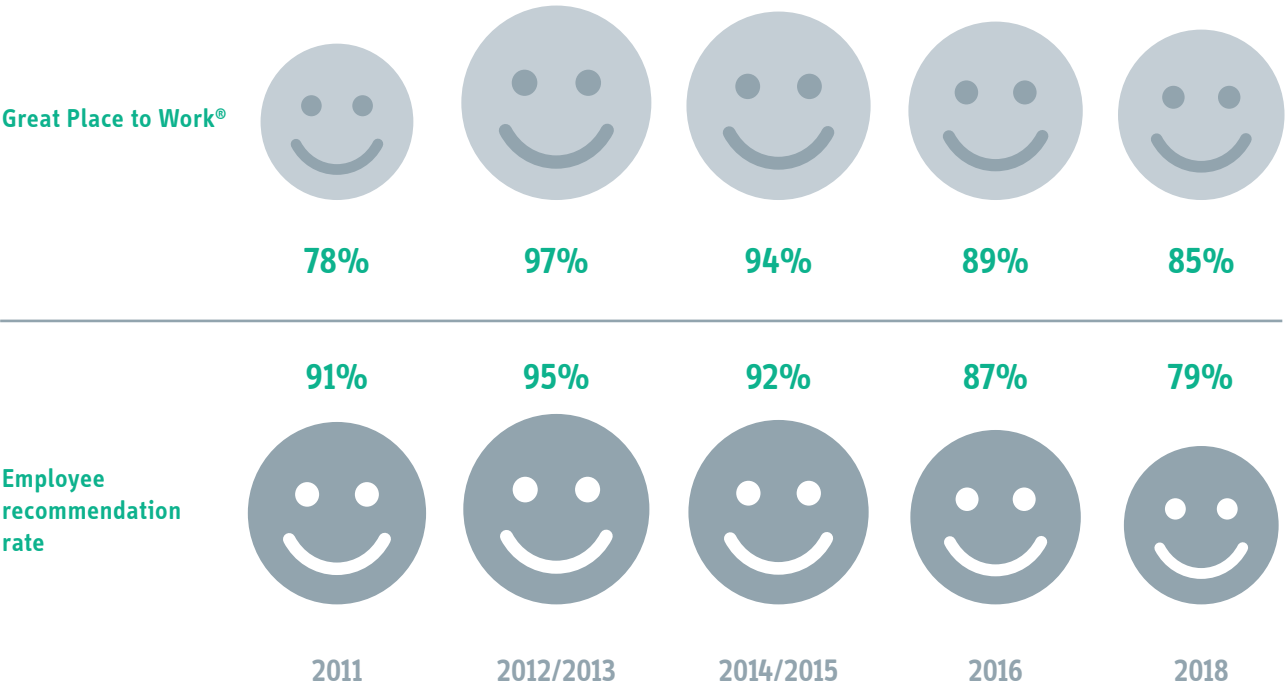
UNSOLICITED APPLICATIONS



Employee satisfaction

Our employee satisfaction is at a high level. The biennial survey demonstrates to us how our employees assess the quality of our workplace culture. The results from the most recent survey registered a decrease as indicated by the graph. One possible reason for this may be the familiarity that accumulates over years. It is a natural human response to lose a degree of enthusiasm for things that appeared unique at the onset but become standard over time.

EMPLOYEE SATISFACTION



7.1 years  
is the average length of service of our employees



Results of the “Great Place to Work®” study

In comparison to the market, employee satisfaction continues to remain at a high level (source: Great Place to Work 2018). We are particularly proud of the responses from our employees with regard to the company pension scheme, the promotion of health and profit participation. The percentage of employees who rated all three of these values favourably is more than twice as high as comparable ratings in the market.

Ongoing training and continuing education

We increased our efforts in ongoing training and continuing education in 2018 and 2019. In August 2019, our personnel development team founded the elobau academy which we consider an important step in the right direction. The goal of the elobau academy is to make continuing education equally available for all employees and to offer a wide variety of practical classes.

Number of continuing education formats and organisation of AfterWorkshops

The graph “Number of continuing education formats” shows the development of continuing education formats from 2015 to 2019, which took place in collaboration with the elobau academy. This does not include any events that occurred in the context of AfterWorkshops. In AfterWorkshops, we offer our employees an outlet for bringing their individual talents to the company. The employees themselves are responsible for determining the offerings. The intent is to promote networking across all levels of the hierarchy. The only condition is that the workshop is required to start after 3:30 PM. The time for preparation, presentation and breakdown is credited to the workshop leader, and elobau assumes any costs that may arise.

Onboarding and knowledge management projects

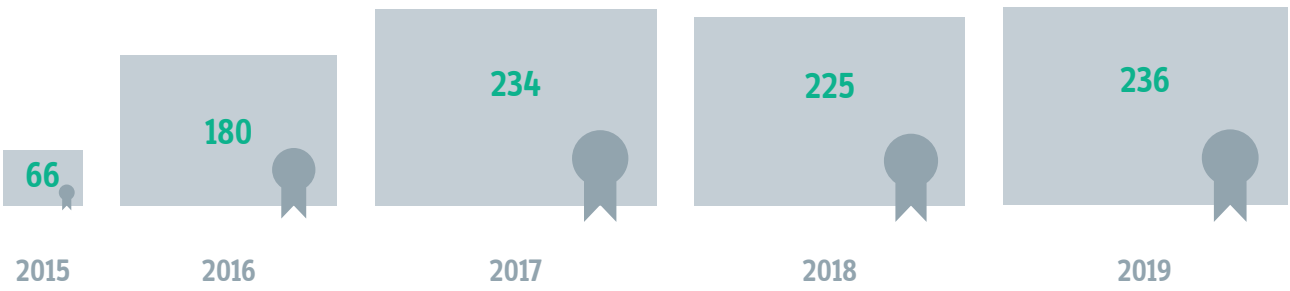
New onboarding processes are developed and implemented in onboarding projects together with company departments such as Production or Sales. Moreover, a collaboration between HR and IT is being intensified to make the onboarding process for new employees run more smoothly in the future. In the area of knowledge management, the elobau academy has assumed a leadership role since the fourth quarter of 2019 in implementing the new tool, Confluence. In the future, this platform will replace many individual elobau systems whose functions will be bundled into a single interface, and available knowledge will be consolidated.

Continuing education

Our personnel information system serves to steer in-house employee development and offer opportunities in the following areas:

- 1. Onboarding of new employees
- 2. Methods, conduct and communication
- 3. Expertise, processes and procedures
- 4. IT know-how
- 5. Development of management staff
- 6. Health, safety and leisure
- 7. Workshops for trainees

NUMBER OF CONTINUING EDUCATION FORMATS



85% of employees  
would recommend elobau as an employer

Subsidy amount for continuing education (2016 – 2019)

The graph “Overall subsidy amount in euros” shows the sum invested by elobau in individual continuing education. This includes all funds retained by the elobau academy in the form of continuing education agreements. Specific examples here include the Chamber of Industry and Commerce certification courses, individual training and coaching sessions, master classes and subsidised degrees. Expenses for dual degree students or the like are not included.

Investment amount for continuing education (2017 – 2019)

The graph “Overall investments in euros” illustrates the level of overall investments by elobau in continuing education for 2017 – 2019. The subsidy amount from the second graph is included in this. Investments decreased by approximately 6% from 2017 to 2018. However, it rose 39% from 2018 to 2019. The depicted costs are exclusively fees for courses and seminars. Costs for travel and personal expenses are not included in this sum.

Number of training courses and investments per employee

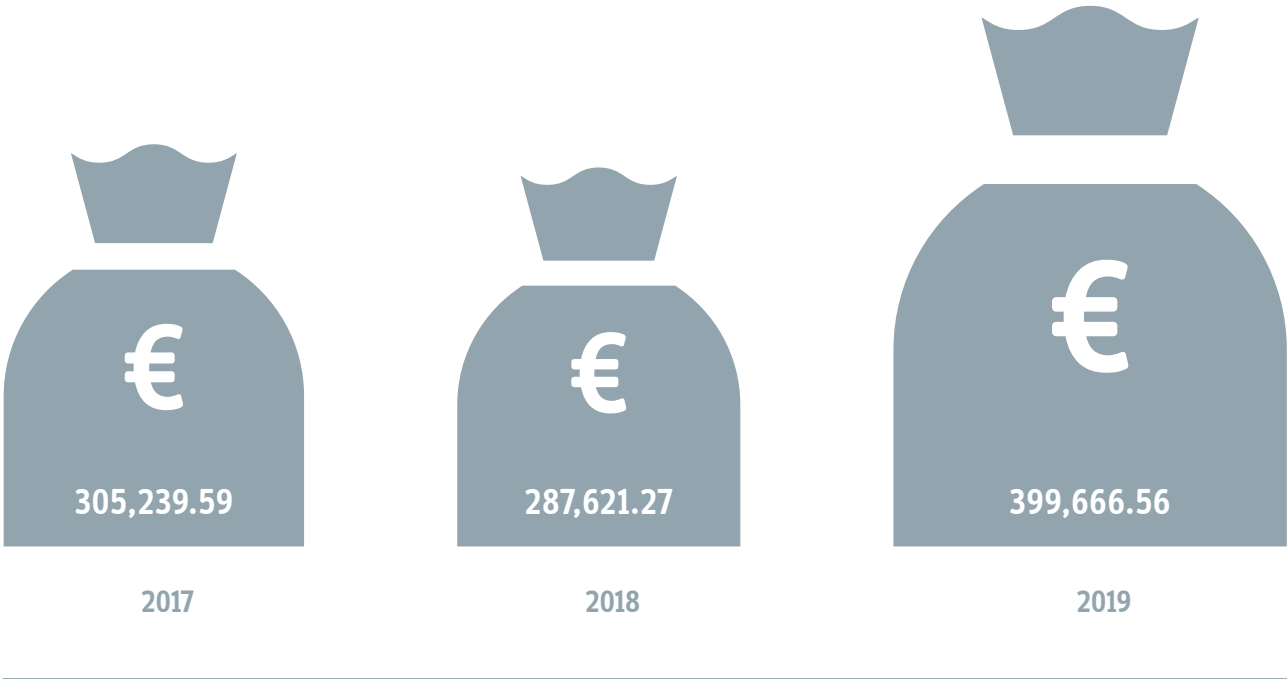
The graph “Number of training courses and investments per employee in euros” shows the statistical trend for number of training courses per capita and the statistical trend for investment per capita during 2017-2019. The number of training sessions per employee is calculated from the overall seminar participants per year and the number of employees for that particular year. Investments per employee are calculated from the number of employees and overall investments per year. The elobau academy is also active in many projects. Onboarding and knowledge management could be cited as two examples of this.

! Training seminars relating to occupational safety are no longer included in the statistics as of 2019.

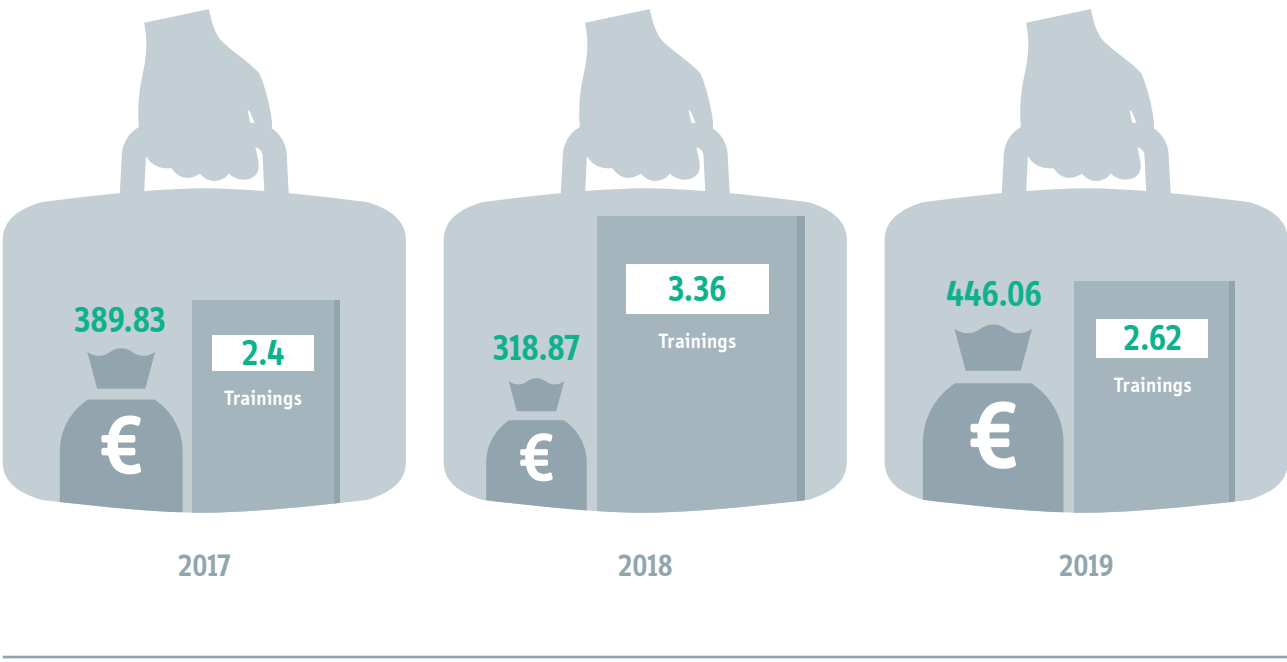
TOTAL SUBSIDY AMOUNT IN €



TOTAL INVESTMENT SUM IN €



NUMBER OF TRAINING SESSIONS AND INVESTMENTS PER EMPLOYEE IN €



Employee development meetings and in-service training

In employee development meetings, individual concerns are discussed with each employee and improvement measures for implementation within the next 12 months are selected. The FWC discussion (For each other, With each other, Customer-oriented), which resulted from our compensation project, deals with issues on how individuals can conduct themselves within the spirit of our corporate philosophy. For employees who want to pursue in-service training, we offer individual solutions that are arranged together with the Human Relations department.

Youth development

At elobau, we invest a great deal in the next generation. We offer eight different training careers for young people. In 2018 and 2019, an average of more than 40 trainees benefited from our training. We provide state-of-the-art training. Our trainees work out the contents of their training modules by themselves for the most part and can therefore complete over 100 different modules. In addition, through co-operation agreements with local schools, we create early opportunities for young people to gain insights into the training careers through student internships and other measures. We also offer several study slots each year for dual studies.

The future vision of “elobau 2025”

In 2017, we began to define elobau’s vision for the future together with all employees. To do so, we invited all employees to a World Café called elobau 2025. More than 80 colleagues answered the challenge and developed a vision for elobau. The ideas were taken up by our managers and developed in two management workshops. Subsequently, the results were finalised by management, and the claim “creating sustainable solutions” was chosen.

New remuneration models

Following the example of the remuneration model described under C2.1, two additional projects were launched in 2018 with the goal of transforming two departments (Human Relations (HR) and the field service team for Germany) to adopt a work style based strongly on self-organisation. Decisions should be made where most appropriate, and employees should take the shortest path to meet the needs of customers in the best way possible.

Learn more about our claim, “creating sustainable solutions”



Objectives relating to C1.1

Moreover, it is our desire to increase employee involvement and promote more self-organisation by employees. The organisation as a whole should become a learning organisation that is always capable of changing.

C1.2 Health promotion and occupational health and safety

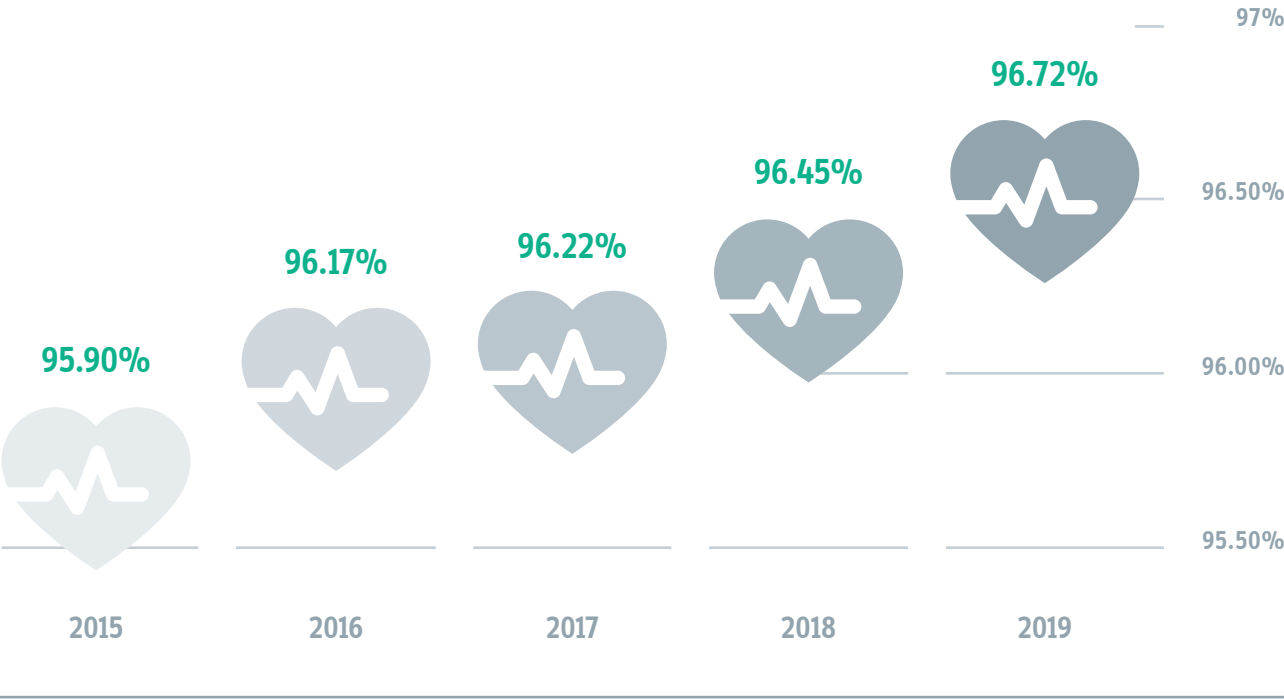
Our health rate has continued to develop positively in the past two years. In addition to the existing measures (Health Management Working Group, Ergonomics Team), we have taken further measures. This includes intensive training for our managers in occupational safety, training safety officers as multipliers for occupational and health safety issues on-site in the department, further expansion of the collaboration with our external company physician, and the use of our OHM expert (see the implemented measures for C1.2).

Our successful programs and services will be continued such as social counseling, Health Day, the blood drive, skin screening, various employee recreational sports groups, the company bicycle leasing program, AfterWorkshops (such as BodyBalance, Pilates and a salsa course), the company promotion of preventative health courses at external sports facilities and the weekly company fitness program at the workplace during office hours. Also of note is that fresh organic apples are offered daily at elobau, and the “elobau Dining Room” prepares varied fresh cuisine every day with exclusively organic food.

GRI standards for C1.2

102-12, 102-18, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 404-2

HEALTH RATE

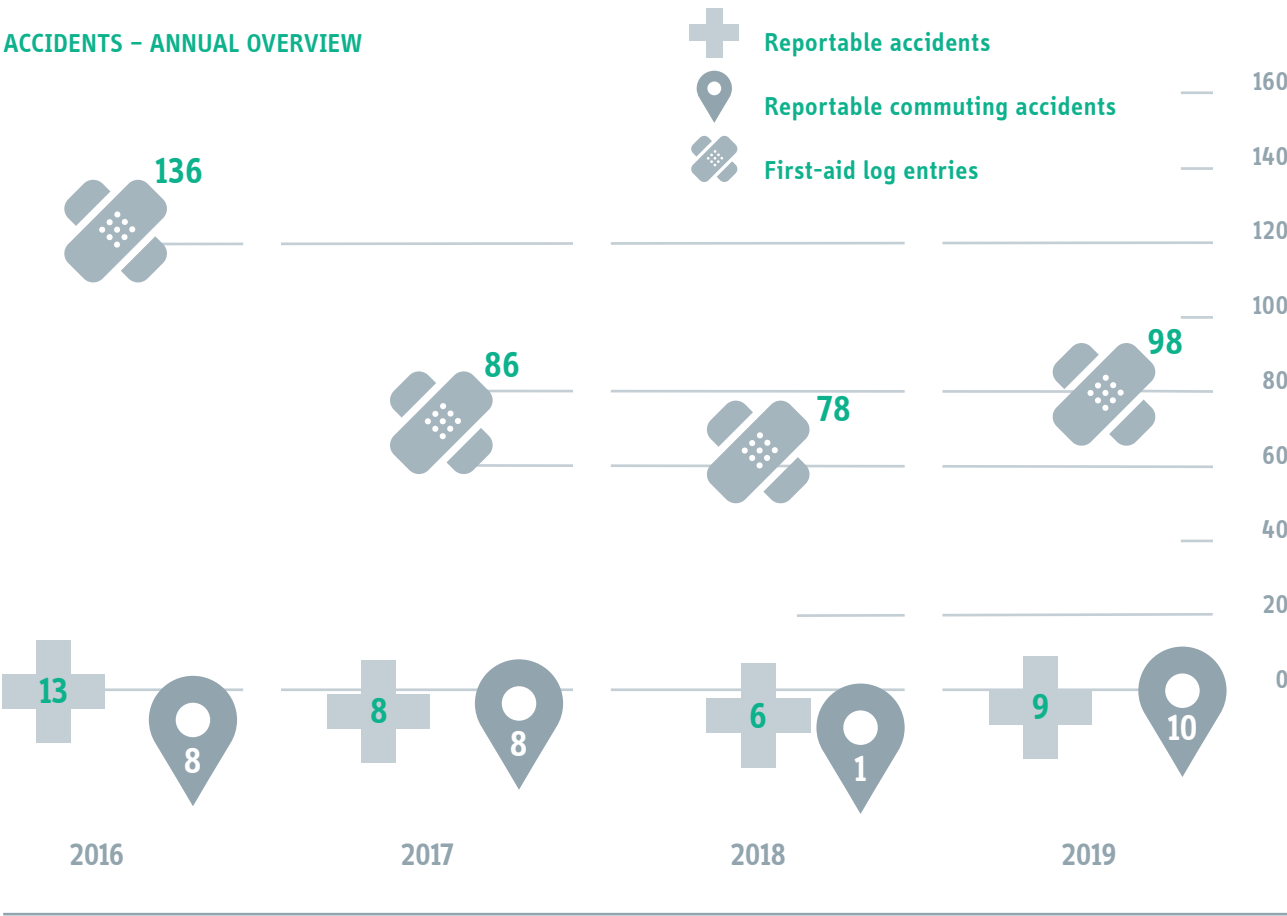




At-work and commuting accidents

By implementing a number of improvements (such as protective equipment), we further reduced the number of reportable work accidents in 2018. The increase in 2019 is primarily explained by an increased number of commuting accidents. The rise of entries in the first-aid log is due, on one hand, to the increased number of employees and, on the other, to further encouragement of employees to report even small injuries. A comparison with our industry can be made using the “1000 man rate”. This indicates the number of reportable accidents per 1000 full-time employees. The rate was 7.1 in 2018 and 9.4 and 2019. For comparison, the average rate was 18.3 within our industry (BGETEM).

ACCIDENTS – ANNUAL OVERVIEW



Promotion of outside programs

In order to widen the scope of our promotion of external sports programs, make these efforts more sustainable and offer more individualised ways for employees to maintain their health, we prepared in 2019 for the launch of a company fitness program in co-operation with qualitrain and HUMANOO. Through qualitrain, members can access approximately 3,500 sports and health facilities throughout Germany flexibly and without

restriction, including fitness studios, swimming pools, yoga studios and climbing and bouldering halls. There are currently 103 co-operation partners in the vicinity, that is to say within 50 km of Leutkirch. HUMANOO is a purely digital resource with a range of coaching options for movement, mindfulness and nutrition ranging from workouts and physiotherapy units to meditation and recipe ideas.

Remote work and individual equipment

It should also be noted at this juncture that we have been offering a framework for remote work since 2017. Moreover, our employees are offered individual support by way of work aids and protective equipment when they experience health problems. This includes, for example, prescription safety glasses, computer glasses, tailored safety insoles and individual shoe models.

Implemented measures with respect to C1.2

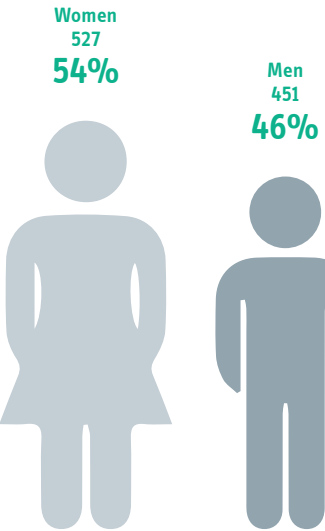
In May 2019, we created a full-time position for occupational health management. Our OHM expert manages and organises all measures relating to occupational health management and is responsible for company integration management. This staff position reports directly to management and not to the Human Relations department, as is frequently the case with other companies.

In the area of ergonomic workplace design, a decision has been made based on previous hazard assessments to ensure that all desks that are purchased are height-adjustable. In 2019, we again commenced a short questionnaire for workplace analysis. The particular aim of this survey is to update the design of office workplaces.

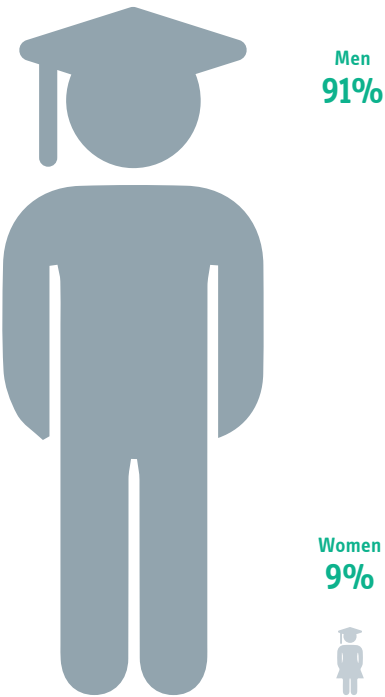
Objectives relating to C1.2

In the future, we would like to offer our employees additional services such as intestinal cancer screening or health lectures. Together with other companies, we would like to develop a company contact network in the area of OHM in which projects are implemented and information and knowledge are exchanged. To render our workplaces more ergonomic, we would like to conduct another psychological hazard assessment. The approach for managing employees is subject to continuous modification. For this reason, we wish to reassess our current management models. We are crafting a future leadership management approach that will be used to train future managers.

EMPLOYEES BY GENDER



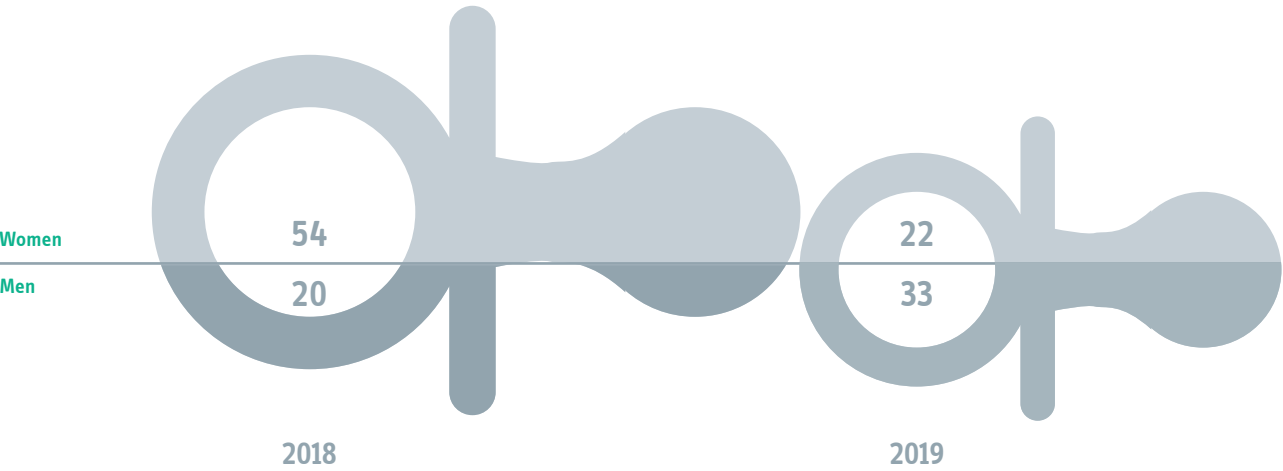
GENDER REPRESENTATION IN THE MANAGEMENT STRUCTURE



“Every person is unique. We are aware of this, which is why we want to purposefully offer our employees a work environment tailored to their needs.”

Michael Hetzer, management spokesperson

EMPLOYEES ON MATERNITY AND PARENTAL LEAVE



C1.3 Diversity and equal opportunities

GRI standards for C1.3  
401-3, 402-1, 404-2, 405-1

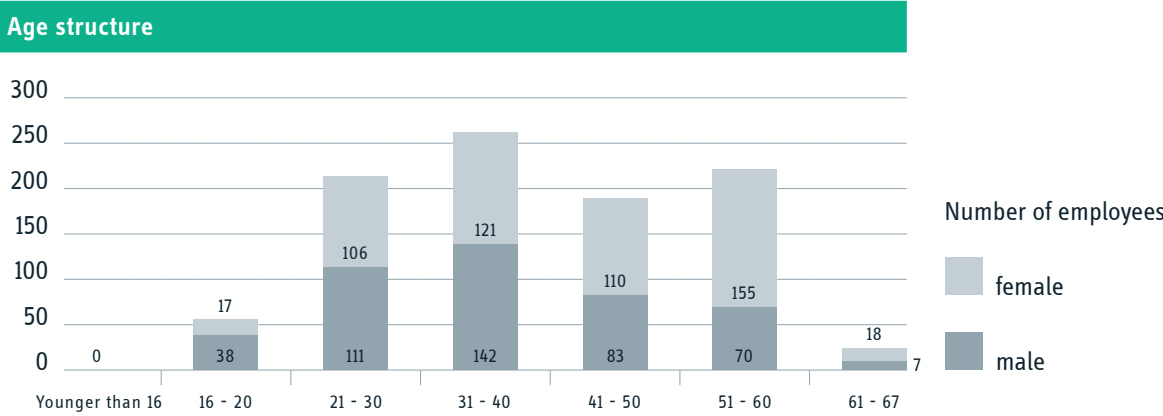
As a company in the technical sector, we exhibit a “classic structure”. The predominant share of technicians and engineers is male. Approximately 75% of the production staff is female.

Gender representation in the management structure

Over the past years, we have not succeeded in increasing the number of women in management positions. The current percentage has fallen 4 percentage points in comparison to the last reporting period and is currently 9%. At the top management level, there are at present no women in a managerial position.

Age structure

At elobau, it is important that everyone, young or old, has a good opportunity to make a living. The average age at elobau as of December 31, 2019, is 40.0 years (women: 42.7 years; men: 37.1 years). In recent years, we have succeeded in establishing a well-balanced workforce structure.



Employees on maternity and parental leave

In 2019, for the first time, more men than women were on parental leave at elobau. Together with our employees, we devise flexible and appropriate solutions when, for example, part-time work is desired during parental leave.

International composition

As of December 31, 2019, employees of 33 different nationalities were working at elobau. Thanks in particular to our foundation’s work, we were able to offer refugees opportunities for internships, training or even starting their careers at our company. Employee religious affiliation at elobau is currently noted only for payroll accounting purposes.



The nationalities of our employees are as follows:

- |                      |               |                  |
|----------------------|---------------|------------------|
| • Austria            | • Iran        | • Russia         |
| • Bosnia-Herzegovina | • Iraq        | • Serbia         |
| • Brazil             | • Italy       | • Spain          |
| • Bulgaria           | • Japan       | • Sweden         |
| • Cameroon           | • Kazakhstan  | • Switzerland    |
| • Croatia            | • Moldavia    | • Syria          |
| • Egypt              | • Montenegro  | • Thailand       |
| • France             | • Netherlands | • Tunisia        |
| • Germany            | • Poland      | • Turkey         |
| • Greece             | • Portugal    | • United Kingdom |
| • Hungary            | • Romania     | • USA            |

Inclusion

Throughout 2018 to 2019, there were 15 employees with disabilities at elobau. Furthermore, we have maintained our co-operation with sheltered workshops. Compensation payments for the disability compensation tax amounted to 6,435 euros in 2018 and 2019. Our trainees took part in the “Change of Perspective” program for the first time in 2017. This program was continued in 2018 and 2019. This program aims to bring people with disabilities and people without disabilities closer together to promote the idea of inclusion, i.e., a change in perspective. The way this works is that employees from a sheltered workshop for the disabled (in our case Stephanuswerk in Isny) come visit our trainees for one week to gain new experiences. This arrangement is then switched, and the trainees go to the sheltered workshop for a week. Both elobau and Stephanuswerk provide patronage.

Implemented measures with respect to C1.3

In 2019, we initiated an exchange with respect to the subject of women in management positions. With the support of the Director of Personnel and the Sustainability Manager, we exchanged ideas on the current situation and developed initial concepts. The project will be continued in 2020.

Objectives relating to C1.3

The issue of women in management positions will remain an integral part of the development commitment at elobau.

C1.4 Inadequate working conditions

There is currently no employee representation at elobau, which is why our Human Relations department should have a say in this point: “We currently see no area at elobau where (potential) inhumane working conditions prevail.” In particular, the possibility of seeking a direct dialogue with management (for example via our “Suggestion box”) means that possible grievances can be addressed quickly and unbureaucratically. This is also reflected by the fact that, in the past six years, elobau has not been involved in a single lawsuit or any legal proceedings regarding any possible violation of labour rights. Since elobau produces exclusively in Germany, our internal work conditions meet statutory requirements or exceed them by far. The latter is consistently reaffirmed through our employee survey conducted by the institute Great Place to Work®.

Implemented measures with respect to C1.4

A code of conduct was drafted in 2019 and will be published in 2020.

C2 Structuring of employment contracts

C2.1 Pay structure

elobau is a non-tariff company. We are guided by the tariff agreements of the trade union IG Metall but have our own remuneration system. In 2017, we introduced a new compensation system in the production area, which was developed independently by the employees in this area. A total of 56 employees were involved in the development of the new system.

GRI standards for C1.4

102-16, 205-1, 205-2

GRI standards for C2.1

102-41, 202-1, 401-2, 405-2



Introduction of the new remuneration system

When the system was introduced in January 2017, negotiations were conducted individually with each employee concerned. Each individual was free to stay in the previous model or to change. The new model was chosen by more than 96% of employees. Transparency is an essential factor of this model. Everyone can see how their basic classification is determined. If the classification is disputed, there is an escalation process. Other components of the model are the so-called FWC share (For each other, With each other, Customer-oriented) and a per capita quality and success bonus (x% of the company profit for all employees). The FWC share is applied equally to all employees, regardless of their position. Interestingly, despite maximum employee participation, the satisfaction levels for remuneration have decreased. One explanation for the decline in satisfaction is the five-year transition period from the old system to the new model.

Sustainable pension scheme, payment transparency and income spread

Since 2017, our employees have had the opportunity to use a sustainable insurance product for their company pension scheme (see B1.3). Each individual can check the market viability of the salary we pay based on a salary database benchmark by contacting the HR department. In 2016, we introduced a salary review process under the Remuneration Transparency Act. A total of 45% of employees rate the payment for the work performed as appropriate. 67% believe they have an appropriate share in the company's success (Great Place To Work® study in 2018). Our temporary employees receive the same benefits as elobau employees. This also applies to the FWC bonus and per capita profit participation. The highest income at the company is 8.86 times the lowest income.



VOLUNTARY SOCIAL SERVICES

Net pay optimisation

Time value account

Free organic apples,  
fair trade coffee  
and organic tea

Social actions



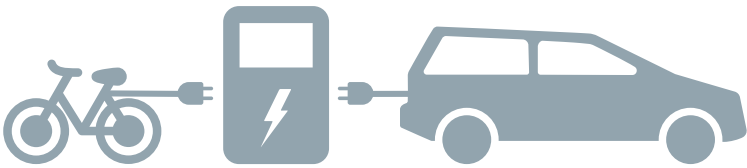
Company sports  
(40 employees in preventative courses)

Social counseling



Occupational  
health management

Free charging of pedelecs and electric vehicles



Reserved parking spaces for electric vehicles

(instead of management parking spaces)

Advice on company retirement  
benefits

AfterWorkshops



Benefitcard  
(44 euros monthly)

Implemented measures with respect to C2.1

Over the preceding reporting period, we reviewed our remuneration systems for the areas of Development and Logistics, and initial discussions and workshops were held.

C2.2 Structuring working time

Distribution of weekly working time

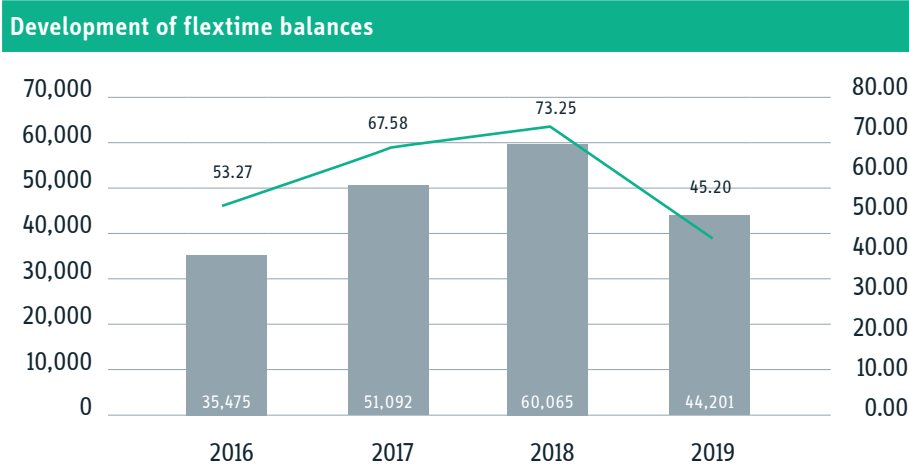
The weekly working time company-wide is 40 hours. 82% of our employees are contracted to work between 37 and 40 hours per week. The time model used is a classic flextime model with a core working time. All overtime hours are recorded by an electronic system and collected in a flextime account. Accumulated time does not expire. In addition to compensation with time off, employees have the option of payment and transfer to a long-term time value account. This time value account can be used, for example, to provide for care periods or additional parental leave. A more flexible retirement age is also possible. A permanent two-shift system (Monday to Friday) is only implemented in two departments of the company. A night shift does not exist at the request of management.

GRI standards for C2.2

401-2, 401-3

Development of flextime balances

Whereas our flextime accounts continued to grow in 2018 due to an increasing sales trend, the number of per capita hours decreased over 2019. The grounds for this lie in the continued staff expansion as well as a cooling of the economy in the fourth quarter of 2019. We also view flextime accounts as a buffer for times of economic difficulty. This approach enabled us to survive the economic slowdown in 2008 and 2009 without business-related lay-offs.



Implemented measures with respect to C2.2

At our startup HelloSolution, we implemented a trust-based working hours approach. Independent work time structuring was also implemented for the Human Relations department.

GRI standards for C2.3

401-2

C2.3 Employment structure and work-life balance

We currently have 51 different working time models in use at the company. We aim to do justice to both work-related requirements and the individual needs of our employees. Sometimes this approach meets with success and other times not. Members of the management team in the company predominantly work full time.

Implemented measures with respect to C2.3

In 2018, we implemented a policy regarding remote work in order to achieve better work-life balance. This gives our employees and teams a flexible guideline. In co-ordination with the team and department, employees are free to work at home or on-site.



Objectives relating to C2.3

Every employee has been granted vacation days by law and through the employer. It is our wish to more flexibly configure the use of employer-provided vacation days for our employees. We are also considering part-time models for managerial staff. Furthermore, we would like to discuss the possible reduction of workweek hours as well as four-day weeks in order to offer an improved work-life balance. In general, we are reviewing the differences between the models for production, development and administration in order to identify inconsistencies and make adjustments. At the time of reporting, at elobau we are using a core work time approach. We would like to critically analyse and review this work time model.

C2.4 Unfair employment contracts

When we introduced our remuneration system in production, we dealt intensively with the topic of minimum remuneration. The minimum value defined in the system was determined by the employees themselves and can therefore also be seen as “dignified remuneration”. We use part of our profits as a bonus for our employees. Each employee receives the same share.

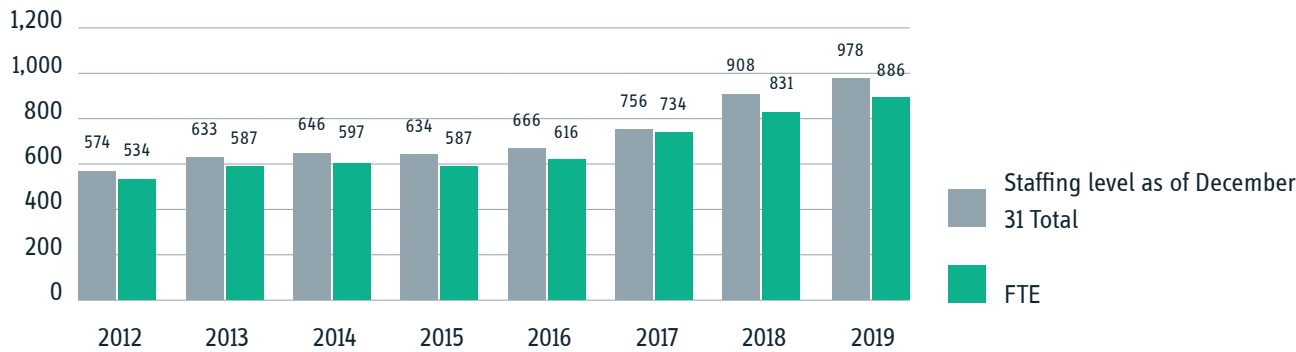
Trend in the number of employees

Our employee headcount has grown steadily in recent years. Our good reputation in the region has certainly facilitated this growth.

GRI standards for C2.4

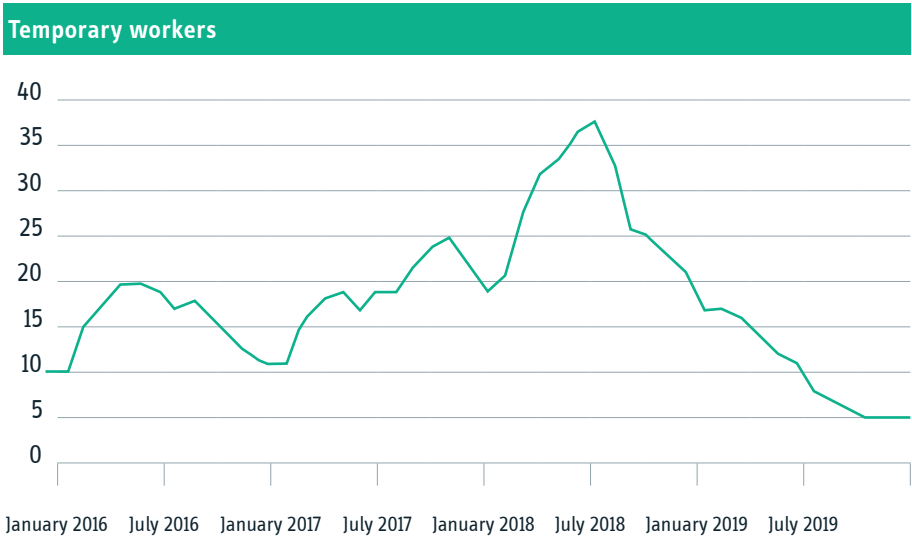
405-2, 406-1

Staffing levels and FTE (2012 – 2019)



Employees hired through temp agencies

Despite a high order volume, we kept the share of temporary employees to less than 10% over 2019 and 2018. We follow an equal treatment approach for temporary employees. Employees who are hired through a temp agency are employed for a maximum of 14 months. The decision on whether the person will be offered a full-time position is made after this period, at the latest.



Temporary workers

The number of temporary employment contracts is currently 8.9%. A total of 87 employment relationships, mainly in the area of production, are temporary (training contracts and dual courses of study are not included here). With regard to fixed terms, we generally set an initial 12-month limitation. About three months before expiration of the fixed term, it is decided whether another extension of 12 months will be offered. Also, about three months before the end of the second fixed term, a decision is made on whether the employee will be hired full-time. There are no fixed terms that go beyond two years.

Determination of salaries

As mentioned previously, the income spread at elobau is 1:8.86 and is therefore far below the limit of 1:20. The way salaries are determined can be tracked through a newly introduced, transparent system in production and thus does not discriminate based on age, gender or ethnicity.

The salaries in the company have always been paid on time and in the correct amount. With regard to contract structure, it should be noted that only 12 employees in the entire company are currently employed with so-called all-in contracts. Action will be required on this account in the future since this form of contract will have to be adapted following the reform of the Working Hours Act (EUGH Judgment).

C3 Environmentally friendly behaviour of staff

C3.1 Food during work hours

GRI standards for C3.1  
203-1, 204-1, 403-6

In 2016 and 2017, the company's catering was provided by external service providers and consisted mainly of frozen goods. We opened the new "elobau Dining Room" organic cafeteria in March 2018. The "Dining Room" is organically certified. It is our belief that you are what you eat. Pesticides such as glyphosate, hormonal growth accelerators, genetically modified products and antibiotics should not be found on our plates. Furthermore, we would like to be certain that the foods we use are produced in harmony with nature. The farming of organic foods generates fewer greenhouse gases for example because nitrogen fertilisers are not employed. Animal-based food products are purchased in consideration of the maximum well-being of the animal. Moreover, the production of organic products is transparent, and the producers are subject to strict controls. Every day, we feed up to 280 employees with healthy organic foodstuffs. On Health Days and during other festivities, we make sure to select organic food and regional suppliers.

Objectives relating to C3.1

For sustainability reasons, we wish to initiate a pilot project and introduce a vegan and vegetarian day in our "Dining Room". This is an additional area in which we can exert an influence to reduce greenhouse gas emissions. It would give us great pleasure to see an increasing number of employees visit our "Dining Room" (currently about 280 persons a day). In this regard, we will be holding a survey to determine whether we can reach more employees by offering a modified price model.



approx. 55,000 meals  
consumed in our organic cafeteria, the "Dining Room", since 2018.



GRI standards for C3.2

302-1, 302-2, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5

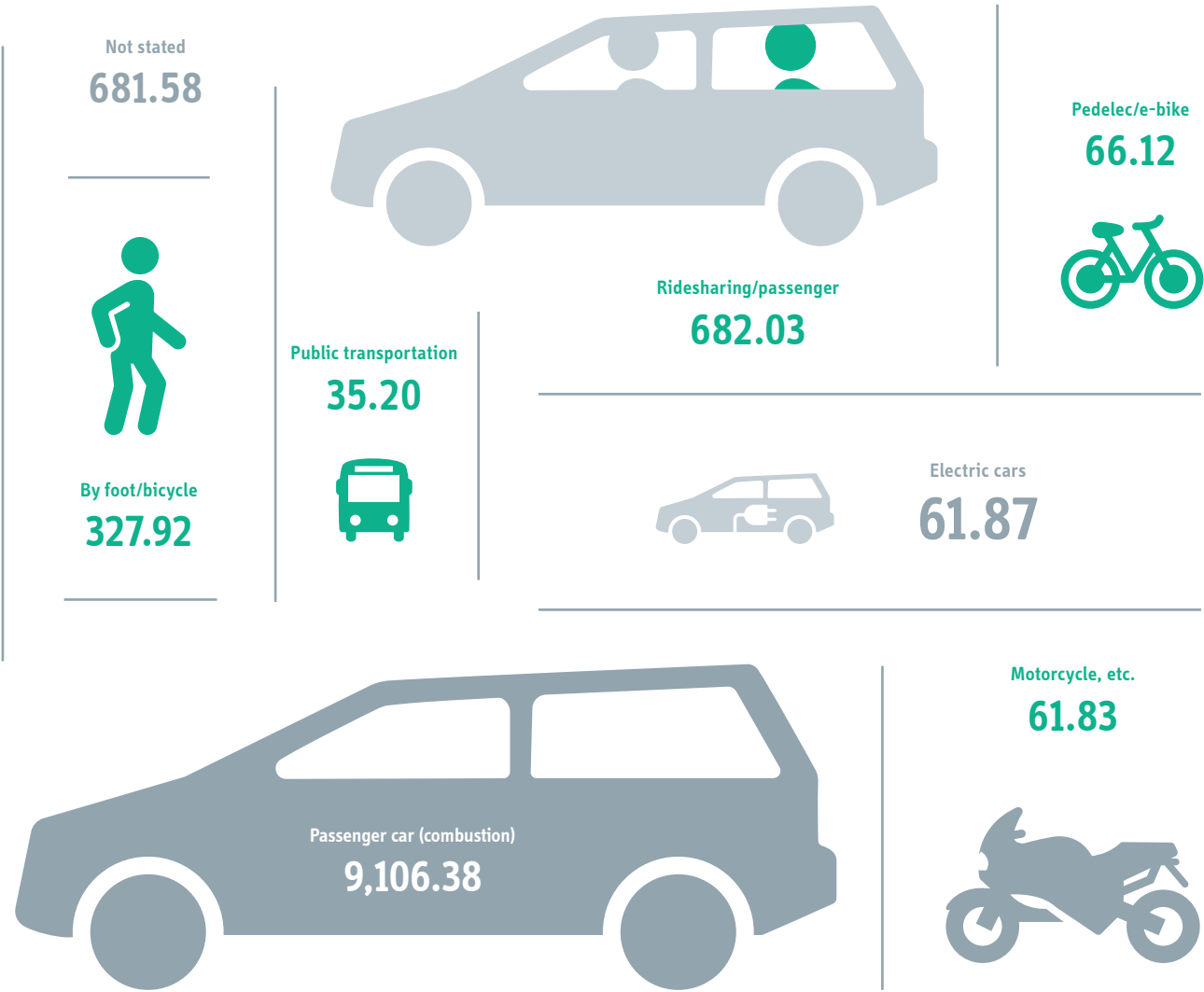
C3.2 Travel to work

In October 2016, we started logging the means of commuting via our time management system, which provides day-accurate data. The main reason behind this was to get feedback on our “Ride your Bike” bicycle campaign and establish a baseline of data for further measures. At the same time, we use this method to automatically record the commuting emissions for our carbon footprint. Due to the rural location of the company, the ratio of cars used as a means of travel is relatively high. The “Ride your Bike” program started in 2014 also offers funds for leasing a bicycle to everyone at elobau with a minimum period of employment. This can be anything from pedelec to a carbon racing bike. Currently, 91 employees lease a bicycle. Stable cargo bikes are available for getting around the site. The daily distance travelled by our staff to their place of work has a significant impact on the environment. As a consequence, we have offered our staff the option of working remotely from home since 2018 (see C2.3).

Commuting kilometers by means of transportation

|                                   | 2018         | 2019         | Total       |
|-----------------------------------|--------------|--------------|-------------|
| Green kilometers                  | 406,885.26   | 460,689.66   | 867,574.92  |
| Pedelec/e-bike                    | 22,974.46    | 28,642.74    | 51,617.2    |
| By foot/bicycle                   | 124,265.64   | 131,740.8    | 256,006.44  |
| Ridesharing/passenger             | 245,581.44   | 286,888.9    | 532,470.34  |
| Public transportation             | 14,063.72    | 13,417.22    | 27,480.94   |
| Electric car                      | 17,940.24    | 30,359.32    | 48,299.56   |
| Combustion vehicle/<br>not stated | 3,678,214.82 | 4,011,596.08 | 7,689,810.9 |
| Not stated                        | 285,186.82   | 246,931.98   | 532,118.8   |
| Motorcycle, etc.                  | 23,259       | 25,009.1     | 48,268.1    |
| Passenger car<br>(combustion)     | 3,369,769    | 3,739,655    | 7,109,424   |

COMMUTED KILOMETERS PER EMPLOYEE 2018/2019



GREEN AND COMMUTING KILOMETERS 2018/2019



**Ecological selection criteria for company cars**

Employees with company cars generally also use them to drive to the workplace. At the time of reporting, the following guidelines apply for the procurement of company vehicles for field sales employees, key account managers and QM management:

- Internal combustion engines with a CO<sub>2</sub> threshold of ≤ 140 g/km<sup>7</sup> in accordance with the WLTP<sup>8</sup>, in compliance with EURO 6 d-TEMP.
- Hybrids (without plug-in) with CO<sub>2</sub> threshold of ≤ 90 g/km
- Hybrids with plug-in (diesel only) with CO<sub>2</sub> threshold of ≤ 35 g/km
- Electric vehicle

For all others, the following guidelines apply to the purchase of a company vehicle:

- Electric vehicles
- Hybrids with plug-in (super gasoline) with CO<sub>2</sub> threshold of ≤ 30 g/km
- Hybrids with plug-in (diesel) with CO<sub>2</sub> threshold of ≤ 35 g/km

Moreover, SUVs are not permitted. When an exclusively electric vehicle is purchased, elobau will install a charging station at the residence of the employee. Moreover, owners of electric vehicles are offered specially reserved parking spaces directly in front of the building. Electric vehicles can be charged at the building without cost.

**“Green Ways to Work” contest**

From July to October 2019, we participated in the “Green Ways to Work” contest. Regional companies and municipalities compete here for green commuting kilometers (<https://www.eza-allgaeu.de/kommunen-unternehmen/green-ways-to-work/>). The pilot project was promoted by the Council for Sustainable Development and developed and implemented by the Allgäu Energy and Environmental Centre. In the Allgäu/Upper Swabia region, 16 companies participated in the contest. With 37,000 green kilometers, elobau took 10th place. During the entire contest, a total of 213,000 green kilometers were travelled.

**Employee ridesharing platform “Zammefahre”**

In recent years, elobau has experienced a significant increase in the number of employees. This has led to a need to address the increasing scarcity of parking spaces. As a consequence, the ridesharing platform “Zammefahre” was developed together with the startup RideBee from Munich. This allows fellow commuters to flexibly offer or look for rides in advance or on the spot. Moreover, we would like to open this app to all other companies in Leutkirch. We hope this will open up a large market for ridesharing to and from Leutkirch. This will help counteract the congestion within metropolitan areas and make the trip to work that much more environmentally friendly.

<sup>7</sup> As of September 2019, the WLTP data is mandatory in the vehicle registration  
<sup>8</sup> Worldwide harmonised Light vehicles Test Procedure



**Objectives relating to C3.2**

We wish to offer an e-shuttle service to employees who live nearby to counteract the scarcity of parking spaces and the ecological consequences of driving short distances. Moreover, we would like to study the local public transportation situation and determine the associated demand arising from commuting to elobau and surrounding companies. A discussion of the introduction of public transportation job tickets is envisioned.

**C3.3 Organisational culture, cultivating awareness for an environmentally friendly approach**

**GRI standards for C3.3**

102-16, 401-2, 402-1, 404-2

In 2014, we redefined the concept of sustainability at elobau. While primarily ecological aspects were taken into account up to that time, we have now supplemented these with economic and social aspects. We summarised our philosophy in this respect in 2017 in a separate sustainability brochure entitled “Sustainability is not a picnic”, which was published in early 2018.

**Sustainability training**

Since 2017, we have been offering sustainability training in our training catalogue. This was introduced as a supplement to our Executive Director Talk (vision exchange with top management) and is mandatory for all new employees. The content was developed jointly in 2018 by a team from Quality, Human Relations, and Sustainability. Since 2019, we have been offering comprehensive sustainability training workshops with our management staff in order to reinforce the content of the training session within the company. The next step is to offer this for all levels. In the workshop, we elaborate the vision of elobau as well as our understanding of sustainability.

**In-house suggestion system**

The company suggestion system, eloIdea Ideenmanagement, which was introduced in 2016, offers everyone at elobau the opportunity of submitting and moving forward proposals that may touch on ecological, social and ergonomic issues. 436 ideas have been submitted since the inception of the system.

436 ideas

submitted by employees since 2016 through the eloIdea idea management system.

Further measures

Since 2017, employees have been receiving a company pension scheme on the occasion of their 10th anniversary, which is implemented through a sustainable insurance product (see B1.3). We have also negotiated offers for green electricity for our employees. As described in C3.2, we allow employees to charge their electric vehicles and park in them designated parking spaces.



Objectives relating to C3 3

We would like our efforts at sustainability to become more palpable and immediate, and we would like to expand internal communication on this topic. For this reason, this subject of sustainability will be addressed in the elobau academy. It is our desire to develop a strategy so that employees can be offered a more comprehensive range of options.

GRI standards for C3.4

301-2, 306-2

C3.4 Guidance on waste / environmentally damaging practices

In our Travel Policy, employees are asked to prioritise trains as a means of travel, but, in accordance with our mission statement, we refrain from monitoring employees and applying pressure. We have abolished products with excessive packaging as far as possible. The opening of the organic cafeteria in particular enabled us to eliminate the high number of aluminum trays needed for the previous food items. Every employee receives a coffee cup when they start employment at elobau so that they can get coffee for free at the coffee machine. Paper cups cost 10 cents. The company has a clear waste disposal guideline that promotes the appropriate handling of waste from an ecological point of view. This is also a topic of the sustainability training. And we only use recycled paper for printing. 30% of our company vehicle fleet consists of hybrid and electric vehicles.



Implemented measures with respect to C3.4

The criteria for obtaining a new company vehicle were revised and further specified toward the end of 2019. (see E 3.2)

30% electric and hybrid vehicles  
in our company fleet.

C4 Co-determination and transparency within the organisation

C4.1 Transparency within the organisation

GRI standards for C4.1

201-1, 402-1, 405-2

Every month, the company's planned and actual sales figures are published for all employees. Comprehensive company information is published annually in the EMAS Environmental Declaration, which is also available to all elobau employees. All managers in the company (more than 50 employees) receive additional access to a comprehensive information system. In addition, selected employees from various areas (for example, Sales or Sustainability) also have extended access to relevant company data.

Remuneration, personnel decisions and the Sustainability Report

The remuneration working group regularly receives aggregated figures on the development of salary ranges and levels. The increasing transparency and volume of company data in recent years has significantly piqued interest in such figures. Existing employees are also actively involved in the recruitment process and are given relevant information. All hirings are communicated via the intranet.

All measures to create transparency are designed to comply with data protection requirements. And lastly, the ECG report is available in many places throughout the company and can be viewed by the employees.



Objectives relating to C4.1

In the future, we would like to allow every employee to transparently review our business figures. To this end, we have developed an overview that allows the various figures to be communicated clearly and understandably. The sustainability steering committee would like to incorporate an employee from Production on the team in the future in order to promote transparency and inter-company communication with respect to the topic of sustainability.

C4.2 Legitimation of the management

Executives at elobau are assigned and appointed through selection procedures by the higher hierarchy level. In 2017, a manager was appointed by employee selection for the first time; to date, a unique process.

We conduct an employee survey every two years. If the department has more than five employees, the results of the survey are also related to the immediate manager. All feedback is communicated openly. Since the last survey, a separate working group has had access to all data from the survey and is responsible for implementing the feedback.



GRI standards for C4.3  
402-1

C4.3 Employee co-determination

For the first time in 2017, we involved our employees in defining our long-term strategy. As part of a World Café, more than 80 people (employees and executives) took part and kick-started Strategy 2025 from which a new vision for elobau was crafted at the end of the process. Another major achievement was the remuneration project, which is described in more detail in section C2.1. The employees of the respective teams are involved in the recruitment process and can play a decisive role.

Joint development of product and market strategies

As of 2019, we have three teams consisting of managers and employees who are tasked with developing product and market strategies. The teams employ flexible principles and are largely self-organised. The results of the strategising are regularly presented to the management team and advisory board.

Working groups

Furthermore, our Great-Place-to-Work® working group and the #gemeinsambesser group are involved in various topics and independently implement measures within the company.



Objectives relating to C4.3

It is our ambition to improve networking among the various employee groups at the company.

C4.4 Obstruction of works councils

There is no works council at the company. The last time a vote was taken in regards to introducing an advocacy group was in 2014. A significant majority (85%) of the workforce voted against this.

Implemented measures

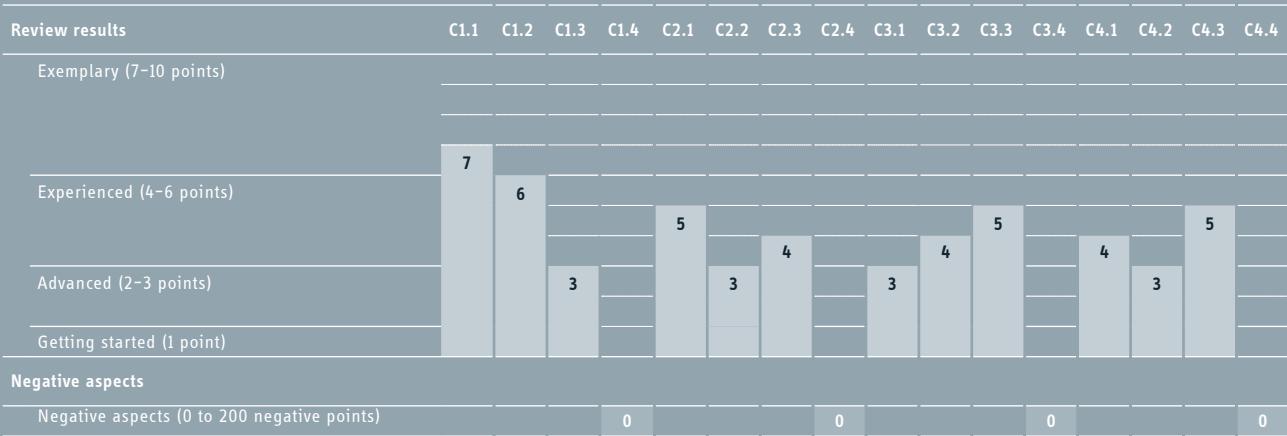
- Joint development of the new claim and vision statement: “creating sustainable solutions”
- Establishment of a greater variety of continuing education options: Foundation of the elobau academy, sustainability workshops for management, eloTalk-Live!, AfterWorkshops held by employees
- Creation of a full-time position for Occupational Health Management
- Remote working option for all employees
- Launching of the public organic cafeteria, the “Dining Room”
- Participation in the “Green Ways to Work” contest and development of a ridesharing platform
- Drafting of a code of conduct
- Formation of three teams consisting of managers and the employees to develop product and market strategies, and establishment of two working groups for greater independent responsibility within the company

Objectives

- More self-organisation on the part of the staff, and a transition to a continuously adaptable organisation
- Expanded selection of health-promoting options for employees
- Establishment of a company network for occupational health management
- Further optimisation of ergonomics at office workstations
- Critical investigation of established management and work time models to improve the work-life balance and contemporary management culture
- Promotion of women into management positions
- Reduction of greenhouse gas emissions through a vegan/vegetarian day in the “Dining Room”
- Introduction of an e-shuttle service for employees in the near vicinity
- Transparent access to business figures for all employees



ECG evaluation scale



A person is seen from the side, pointing with a pen at a whiteboard. The whiteboard has handwritten notes in German, including 'Kunden', 'Unternehmen', 'Mitarbeiter', and 'Lieferanten'. The background is a blurred cityscape. The entire image is overlaid with a teal color gradient.

# D CUSTOMERS & OTHER COMPANIES

**D1**

Ethical customer relations

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**D2**

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Impact on the environment of the use and disposal of products and services

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**D4**

Customer participation and product transparency

**Page 93**

“

The primary aim is to undertake partnerships with customers who support our values and understand how to jointly pursue a sustainable future.”

Oliver Brauchle, Industry Manager Construction Machines



D: CUSTOMERS & OTHER COMPANIES

D1 Ethical customer relations

GRI standards for D1.1

416-1, 417-1

D1.1 Respect for human dignity in communication with customers

New customers are acquired through trade fairs, application reports, social media, trade magazines and recommendations from our existing customers. With the aim of exchanging technologies and innovations, we offer TecDays events for our customers, which allow us to present our product range to as many employees as possible. New customer relationships are also established regularly via our website. A worldwide sales team advises and assists customers with technical solutions at their location. Proactive visits to potential customers also take place, but always by appointment. The current marketing budget is approximately 1% of sales. Adopting a fixed approach is not always the most effective method. Our desire is to pursue a marketing strategy that is appropriate for both our customers and elobau.

Customer orientation

A customer orientation is anchored in our mission statement in the form of internal ethical guidelines and is an essential part of how we position ourselves on the market. We see ourselves as a “problem solver” in delivering small and medium quantities. For instance, customers can configure products according to their needs on the website or in customer meetings. A variety of selection parameters are available for this. In recent years, we have identified potential for improvement in the important area of on-time delivery (OTD) and have initiated appropriate optimisation measures in the areas of Operations and Quality Management (OTD95Plus and QTotal projects).

Promotion of independence

As an independent foundation company, elobau is not reliant on quarterly figures. We plan and act on a long-term basis. Thanks to its economic success, elobau is a stable and reliable partner for its customers. In order to ensure this independence and resilience in the future, the management decided in 2016 to develop a modular tractor armrest. This is primarily intended for customers who do not have the resources to develop a customised armrest. In this context, the sales team is tasked with advising the customer with a focus on solutions and working with the customer to identify the optimal product. This project was completed in 2019 and is offered through our online configurator.

Advertising, mailing campaigns and customer surveys

Advertising and mailing campaigns are only conducted with the consent of the recipient. This consent is stored in the customer relationship management system. We do not use negative advertising to the detriment of our competitors. Furthermore, elobau relies on regional advertising, such as the labelling of a public transport bus with “elobau practices carbon-neutral production”.

We conduct regular customer surveys (questionnaires, evaluations, analysis). With this market feedback, our customers’ wishes and requirements are incorporated into the development of products. Mailing campaigns and customer surveys are a limited basis on which to develop new product solutions. We therefore seek to offer our customers individual consultation at their location in the form of TecDays, with the aim of developing joint solutions.

Complaints and complaint management

Customers can easily submit complaints via a warranty claim on the website. In addition, complaints can also be lodged by phone by contacting the sales team, key account managers, the internal sales department or quality management.

Implemented measures with respect to D1.1

Employees on the sales force are remunerated with a fixed income instead of based on sales volume. A few old agreements exist that are based on commissions. For this reason, two sales representatives still received a sales bonus in the reporting period. However, this was abolished in 2018 as part of the self-organisation of the German sales force. There are no internal sales targets. The remuneration contracts of the sales force in Germany have been adapted in line with this approach. The German field sales team has been completely self-organised since May 2018; there is no management level. Roles have been defined for various categories which are handled by different team members. The team appoints a spokesperson.

Objectives relating to D1.1

We wish to further establish our sustainability goals globally. For this reason, we intend to implement the COST+ project internationally by the end of 2022 for the entire sales organisation. Through the COST+ project, we believe it is possible for our marketing companies to assist our customers in adopting a perspective of sustainability. We are implementing this goal with the regional coordinators for America, Asia and Europe, which will allow us to appropriately harmonise the requirements of the specific countries at headquarters.

20%

of overall sales at elobau come from SME customers

GRI standards for D1.2

102-6, 416-1

D1.2 Barrier-free access

We categorically exclude sales to defence companies and nuclear technology providers. There are no other obstacles to purchasing our products and services. Universities are given free products for educational purposes. In particular, we support start-up companies and SMEs (small and medium-sized enterprises) regarding the integration of operator controls via the modular armrest developed by elobau. As we are a problem solver for small and medium quantities, many SMEs are also among our customers, a target group that we regard as disadvantaged in a world market dominated by large corporations. We offer these SMEs the same service as large companies and also serve requests that are rejected by larger companies. This customer group accounts for approximately 20% of total turnover. Accessibility is promoted particularly through online configurators.



Objectives relating to D1.2

Our new online shop, eloStore online, was launched in 2020. Through the shop, we wish to offer customers, including SMEs, efficient service and a comprehensive overview of our products. Minimum quantities as low as single items will be offered; moreover, SMEs will be offered the same conditions as large customers. Chiefly, products from the areas of industry and mobile machines will be offered in the online shop. The product line will be flexibly adapted or expanded in accordance with customer wishes.

GRI standards for D1.3

417-1

D1.3 Unethical advertising

elobau does not discredit its competitors. We take no advertising measures other than the informative and factual presentation of our products.

D2 Co-operation and solidarity with other companies

GRI standards for D2.1

102-43, 301-2, 416-1

D2.1 Co-operation with other companies

elobau sells a number of “brand label” products from market competitors in order to complement its own product portfolio for the benefit of its customers. These include safety interlocks, speed monitors, software-configurable safety controls, emergency stop buttons and ultrasonic sensors. Market competitors also sell elobau products, such as various contactless safety sensors. Together with the University of Hohenheim, we are researching the adaptive operation of tractors in the future as part of the AISA (Adaptive Interface Systems in Tractors) research project. As a system supplier, we are already seeking co-operation with customers in this area. We wish to expand and intensify these efforts in the future.

Implemented measures with respect to D2.1

Together with a partner company, we implemented the project “Development of an actuator for contactless safety sensors”. Our co-operation partner managed the development work for the design of the housing. elobau ensured that the housing functioned with the relevant safety sensor, performed the validation tests and obtained the necessary approvals. Both companies are allowed to sell this product. Moreover, the co-operation partner developed a magnetic guard and integrated an SMD module from elobau that will be used in a contactless safety sensor. This module adds safety functionality to the aforementioned guard. elobau supplied the functionality and offered expertise both for integration and the validation tests. elobau is marketing this product as a brand label product.

In 2019, we were able to successfully launch the modular Midi armrest, the first armrest in the industry consisting of approximately 70% bio-based plastics and apple leather. With this product, we are seeking to advance the concept of sustainability at the product level. Significant interest exists among our customers, and the anticipated volume was exceeded. In co-operation with the renowned Institut für Biokunststoffe und Bioverbundwerkstoffe (IfBB), we were able to exchange both technical and financial information. Specific data on the time involved was not collected, and the project was not differentiated from other projects because they overlap and are too interwoven.

Together with the Fraunhofer Institute, we commissioned the development of a lifecycle assessment (LCA) for our products. Also in collaboration with the Fraunhofer Institute, an eco-design study is being carried out for the Midi 2.0 armrest in off-highway vehicles. On the basis of various lessons learned, we are able to identify and solve the challenges associated with production through an exchange with our customers and affiliated companies.

Objectives relating to D2.1

The results from the lifecycle assessment analysis by the Fraunhofer Institute should provide us with strategic decision-making tools for a more detailed and comprehensive understanding of our products. In the eco-design study for the Midi 2.0 armrest, the objective is to develop a method that will illuminate the path from the existing armrest to an ecologically optimised and user-centered design. The product design significantly influences the environmental impact of a product. We ask ourselves the following questions: What opportunities are there for eco-design approaches to enhance the sustainability of existing products? How will ecological optimisation affect the inner component structure and external shape? How can strong designs be produced based on ecological and user-centered requirements for aesthetics, haptics and ergonomics?

The modular armrest launched by elobau in 2019 consists of approximately

70% bio-based plastics.



D2.2 Solidarity with other companies

We work actively with our partner companies to fill gaps in our product portfolio. To date, no concrete measures have been taken to pass on projects to competitors. However, articles of competitors are frequently integrated into our products if our customers so desire (see D2.1). An exchange in the area of development is certainly possible, but unfortunately we often encounter rejection from our counterparts as far as a deeper co-operation is concerned. As described in D1.2, we offer particularly small companies and start-ups the possibility of acquiring customised, modular systems without a significant increase in price for smaller purchase quantities. This allows us to support highly innovative companies that are still in the development phase.



Objectives relating to D2.2

elobau wishes to promote sustainable corporate management. For this reason, we would like to support companies in their sustainability efforts during the implementation phase. This specifically involves assisting the company with social, ecological and economic sustainability. Thanks to our years of involvement in the area of sustainability, we are able to offer our knowledge and experience to many other companies. elobau will offer this service to all market players. We hope to foster a deep and thoroughgoing awareness of sustainability in this way.

In co-operation with our customers, we seek to determine the useful life and number of operating hours of our products. This data will assist us in understanding and evaluating the product lifecycle analysis.

GRI standards for D2.3

302-4

D2.3 Abuse of market power to the detriment of other companies

Products from other companies are also purchased and installed. Other companies are neither harmed nor obstructed. We focus more on qualitative aspects rather than quantitative ones. We aim to convince customers with quality and innovation at competitive prices instead of solely through cost leadership. We do not pursue a dumping price strategy. To the contrary, we seek to attract customers as a long-term partner that offers technologically advanced and sustainable products. Consequently, we view fair competition as essential and worthy of support. We also strive towards a partnership on an equal footing with our suppliers that is sensible for both parties, and we select our suppliers according to criteria of fair competition and sustainability.

Here is an excerpt from our company mission statement:



Vision

Creating sustainable solutions. We make the world sustainable.



Mission

The core of our work is innovative, sustainable products and technologically leading system solutions, which are aligned to the market and contribute to a sustainable economy.

We operate successfully with a corporate culture that is powerful, honest and convincing.

We stand by our responsibility for employees, society, and the environment and intend to motivate others to follow our example.

D3 Impact on the environment of the use and disposal of products and services

D3.1 Environmental cost-benefit ratio of products and services (efficiency and consistency)

We can draw conclusions about the lifespan of our products based on simulation of environmental influences in our test laboratory. In this way, we guarantee the longest possible service life of our products (20,000 operating hours, which corresponds to a service life of around 10 years), which also reduces the environmental impact.

GRI standards for D3.1

302-2, 302-4, 302-5, 305-1, 305-2, 305-3

20,000 hours of operation  
- our guaranteed product service life.  
The equivalent of approximately 10 years

Selection of materials

Materials that are on the Reach or RoHS index are not used. This means that we deliberately avoid all hazardous and toxic substances in our products and constantly monitor whether other materials are classified as problematic.

The basic reed technology in our sensors is intrinsically long-lasting. It works without any supply voltage and can therefore be considered very energy-efficient.



**Repair-friendly design**

The modular design and separability of the parts ensure ease of repair and recycling by material type. Parts with high wear, in particular, are developed in such a way that they can be replaced. Products are usually affixed with screws and not glued. elobau offers standardised individual parts to minimise energy and resource consumption. As early as the product design phase, the separability of the components and materials is taken into consideration to facilitate subsequent recycling.

**Long-term availability of replacement parts and adaptability to changed requirements**

We offer spare parts availability between ten and 20 years. The modular design also allows new hardware to be installed in our products. For example, the customer can make a control console more ergonomic with a new joystick without replacing the entire console.

10 to 20 years

– the duration for which we maintain replacement parts for our products.

**Sustainability in the development process and upstream value creation chain**

A guideline was drafted for the development of new products which allows us to satisfy sustainability considerations such as energy and material efficiency. Its use is a mandatory part of each development process (product generation process). As an example, the guideline was used in the development of the modular Midi armrest. With respect to our carbon footprint, we intentionally include the upstream value creation chain (scope 3 emissions) that constitutes the greatest majority of our overall emissions by far. We compensate for overall carbon emissions and therefore offer our products in a carbon-neutral manner.

GRI standards for D3.2  
302-2, 302-4, 302-5, 305-5

**D3.2 Moderate use of products and services (sufficiency)**

Most of our products contribute to a sufficient society. Moderate use is an integral part of the product development process and product specifications. From a sufficiency point of view, it should be mentioned above all that elobau allows for installation of new hardware in its products. Spare parts are available over a period of at least ten years, and our products are designed for a service life of at least 20,000 operating hours. Further

measures relate primarily to product development. In the field of off-highway vehicles, elobau products support a so-called oil-free cab, in other words lower consumption of operating media to conserve resources and energy.

**D3.3 Willful disregard of disproportionate environmental impacts**

Commission-based remuneration for the German sales force was removed at the beginning of 2018. Environmental impacts have been minimised for all relevant products. In particular, although encapsulation is sometimes needed to effectively seal in components, we reduce the use of this process to a minimum.

**Objectives relating to D3.3**

It is our goal to develop an integrated material management system (IMM). To this end, we intend to store all information on various materials in a single source. It will be standard procedure to assign environmental indicators to the materials. This will allow us to initially evaluate the environmental impact as early as the development stage.



**D4 Customer participation and product transparency**

**D4.1 Customer participation, joint product development and market research**

The success of elobau lies in flexible, customisable solutions, which are not available or very difficult to obtain from large companies. It is also due to our high vertical integration. elobau fulfils many customer wishes and delivers from a single source despite special requirements. Customer meetings (records, memos, minutes, forms, visit reports), customer surveys (conversations, questionnaires, evaluations, analyses), market analyses, benchmarking and market information (pool of ideas for the sales force to collect customer requests) are used to determine customer requirements.

In all products developed together with customers, sustainability aspects regarding material efficiency and longevity are taken into account. The design is always intended to be modular. Individual details are defined in specifications. In order to incorporate our customers' future wishes and goals in the development process, it is essential to conduct market studies at certain times. Furthermore, we are involved in research projects in order to determine how agricultural vehicles will be operated in the future.

GRI standards for D4.1  
102-42, 102-43, 102-44, 416-1

GRI standards for D4.2

417-1, 418-1

D4.2 Product transparency

Technical information on the products can be found on the website. Data sheets and 3D data are provided on request. The cost calculation is not disclosed. We file patents only with the intention of using them in the future. We do not file patents to block others.



Objectives relating to D4.2

Develop and release a sustainability index on the product level so that this information can be transparently communicated to customers and competitors.

With the information obtained from the IMM (see D3.3), we will be able to design and develop our products in a more transparent and sustainable manner.

GRI standards for D4.3

417-1

D4.3 Non-disclosure of hazardous substances

We are subject to the REACH regulation and the RoHS directive and ensure through our management systems and corresponding processes that materials are used as stipulated.

Implemented measures

- Sales employees are paid independent of sales volume
- Restructuring of the German sales force without management in the interests of greater self-organisation
- Development of a brand label product with a partner company
- Development and introduction of the industry's first armrest consisting of approximately 70% bio-based plastic and apple leather
- Initiation of two studies with the Fraunhofer Institute
- Introduction of a guideline for the sustainable development of new products

Objectives

- Implement the COST+ project on an international basis by the end of 2022 for the entire sales organisation in order to foster a globally sustainable perspective among our customers through our sales companies
- Simplified access to products and services, for SMEs as well, through the new online shop, eloStore, with minimum quantities as low as single items and uniform conditions for large customers and SMEs
- Deeper, strategic view of our products based on the results of the lifecycle assessment analysis by the Fraunhofer Institute
- Present a methodology for the further development of the existing modular armrest into an ecologically optimised and user-centered product in the context of the eco-design study for the Midi 2.0 armrest
- Knowledge transfer regarding the implementation of social, ecological and economic sustainability within companies by offering sustainability mentoring as a service

ECG evaluation scale

| Review results                              | D1.1 | D1.2 | D1.3 | D2.1 | D2.2 | D2.3 | D3.1 | D3.2 | D3.3 | D4.1 | D4.2 | D4.3 |
|---|------|------|------|------|------|------|------|------|------|------|------|------|
| Exemplary (7-10 points)                     |      |      |      |      |      |      |      |      |      |      |      |      |
| Experienced (4-6 points)                    | 6    | 7    |      | 4    | 3    |      | 6    | 5    |      | 5    |      |      |
| Advanced (2-3 points)                       |      |      |      |      |      |      |      |      |      |      |      |      |
| Getting started (1 point)                   |      |      |      |      |      |      |      |      |      |      | 1    |      |
| Negative aspects                            |      |      |      |      |      |      |      |      |      |      |      |      |
| Negative aspects (0 to 200 negative points) |      |      | 0    |      |      | 0    |      |      | 0    |      |      | 0    |

# E SOCIAL ENVIRONMENT





“

For us, sustainable corporate governance and social responsibility are foundational and dictate our approach to natural and finite resources.”

Patrick Löw, Sustainability Manager

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E – SOCIAL ENVIRONMENT

E1 The purpose of products and services and their effect on society

GRI standards for E1.1

102-6, 102-7, 302-2, 302-5, 303-1, 305-5, 308-1, 416-1

E1.1 Products and services should cover basic needs and contribute to a good life

elobau products are used in four very different fields (operator controls for off-highway vehicles, machine safety, level measurement, sensors). This guarantees a broad positioning of the company. The more than 10,000 articles are used in very different areas; for this reason, a detailed analysis of all fields of use is unfortunately not possible. According to elobau’s mission statement, customers in the defence and nuclear sectors are excluded, provided we are aware of this.

Categorisation by industry

In order to further identify the impact of and basic needs associated with our products, we initially categorise according to sector and share in overall sales. More than 80% of our products are used in the fields of agricultural equipment, conveyor systems, construction and civil engineering machinery, food and packaging machines, fluid technology, process engineering for machines and equipment, and laboratory and medical technology. Examples from these sectors include agricultural and forestry tractors, gardening and landscape management equipment, aerial work platforms, construction machinery, industrial dishwashers and water treatment plants. The products from the individual sectors are reviewed to determine their satisfaction of basic human needs and the nature of their benefit.

Positive effect of our products

The positive effect (according to Max Neef<sup>9</sup>) of our products can be seen, for example, in guaranteeing personal safety on machinery or in food production by means of the operator controls. Energy efficiency is also improved by elobau sensors, especially when reed technology is used, as is the case with most products. Our electronic operator controls replace hydraulic systems and thus enable so-called “oil-free” cabins in off-highway vehicles, which facilitates a reduction in resource consumption.

Sustainability goals of the UN

Moreover, the sustainable development goals<sup>10</sup> of the United Nations are linked to the products and individual sectors to illustrate new fields of action and intersections. In the future, this will allow us to leverage a nuanced perspective to discover new and additional sustainability potential and derive sustainability goals and strategies. For example, we have associated the basic needs of subsistence, health and well-being (1) as well as protection and safety (2) with agricultural and forestry tractors. The benefit is realised in terms of SDG 2 “Zero hunger”. (For the comprehensive result, see the Appendix, Table “Use of products elobau products by industry”).

Holistic perspective

In developing and implementing new features that, at first glance, increase the carbon footprint of our product but save resources with respect to the particular item and in terms of overall use, we attempt to counteract the impact on climate through technological progress. For example, a heated handle of an operator control unit in conjunction with a heated seat can reduce or replace the amount of air heating in the driver’s cabin.

Elobau produces  
more than 10,000 items  
for various sectors.

Limits to this assessment

Evaluating the usefulness of elobau products is ultimately only possible on the basis of each individual area of application. For example, a tractor can be used in organic farming or for dispensing critical crop protection products. A comprehensive assessment is therefore difficult, and detailed sales share figures beyond the various sectors cannot be offered.

Industrial agriculture, for example, is commonly identified as a driver of species extinction, especially insects. This demonstrates that our products can potentially be used in risky areas. We are increasingly becoming aware of this aspect and can pay even greater attention to the impacts of customer applications.

Use to satisfy basic needs

As shown in the table below, all of our products and the products of our customers can serve the basic needs of people - with the limitation that we cannot guarantee how the products will ultimately be used by the end consumer. All of our customers’ derivative products can also be used to solve social or ecological problems and can thus contribute to the UN’s Sustainable Development Goals.

<sup>9</sup> The fundamental human needs according to Neef are used as an evaluation framework in the ECG. They are defined as follows: 1. Subsistence, health, well-being, 2. Protection, safety, 3. Affection, love, 4. Understanding, empathy, 5. Participation, security, 6. Leisure, recreation, 7. Creativity, 8. Identity, meaning, 9. Freedom, autonomy  
<sup>10</sup> UN Sustainable Development Goals: To what extent do our products solve societal problems? The ECG uses the UN development goals as a benchmark. The 17 goals can be found at: <https://sustainabledevelopment.un.org/sdgs>



**Objectives relating to E1.1**

During the upcoming reporting period, a strategy will be developed that will allow us to select our key customers using an evaluation matrix for sustainability criteria. This will further establish the relationship of our products with sustainability and utility.

**GRI standards for E1.2**  
102-6, 102-13, 102-21, 302-2, 302-4, 305-5, 416-1



**Mission**

The primary goal of our work is to produce innovative, sustainable products and technologically leading system solutions. which are aligned to the market and contribute to a sustainable economy.

We operate successfully with a corporate culture that is powerful, honest and convincing.

We stand by our responsibility to our employees, society, and the environment and seek to motivate others to follow our example.

**E1.2 Social impact of products and services**

Our mission is to live up to our responsibility to employees, society and the environment and to motivate others to follow suit. Moreover, we define the primary goal of our work as follows: “to produce innovative, sustainable products and technologically leading system solutions.” This means, for example, that we take the time as speakers to give various lectures on our sustainability measures and sustainability management. Among the addressees and interested parties are schools, colleges, municipalities, banks and the industry association VDMA, or even interested groups such as the Rotarians. We hold more than 20 lectures per year, some on our premises and some elsewhere. Young students clearly welcome the fact that there are sustainability-oriented companies within industry as well. We have been able to help other companies discover potential for improvement just as we ourselves have learned from other companies.

**Sustainability as a strategic business model**

In 2019, the Mobile Strategy Team was called into life by corporate management. The aim of the Mobile Strategy Team is to develop a strategic framework or timetable through 2030. The Mobile Strategy Team is focused on the off-highway sector with the associated target areas of agricultural equipment, construction machinery and conveyor systems. The team includes colleagues from Sales, Development, Quality Management, Purchasing, Operations and Controlling. The envisioned strategy is to solidify and expand collaboration with particularly sustainable, innovative and large companies of the various sectors. The results of strategising and the insights from market and customer research will be directly incorporated into the product portfolio of elobau. The integration of sustainability considerations in products and sustainability as a strategic business model are increasingly important aspects.

**Increased emphasis on pre-development**

In this vision and strategy development process, we reflected on elobau’s core competencies and our desired areas of application for elobau products. We documented the results of this participatory reflection process in a special edition of the company newspaper eloZEIT. The aim is to identify the impacts and areas of application we would like to achieve and reach with elobau products in the future. The greater understanding of these design ambitions has led to an increased emphasis on the pre-development stage.



**Objectives relating to E1.2**

Develop a sustainability support system or service for companies and businesses that need assistance in implementing sustainability within their organisation. Sharing best practices will help simplify the process for companies embarking on the path of sustainability. A sustainability index at the product level founded on a lifecycle assessment will be developed and implemented within the coming reporting period. This index will also be openly communicated to customers and stakeholders to create a high level of transparency.

**Expansion of the sustainability team for future knowledge transfer**

We have achieved our goal of continuing to offer highly informative lectures and keynote speeches and maintaining a high level of social commitment. Our experience and pioneering work in sustainability as an industrial company as well as our readiness to share this expertise with other companies have resulted in a number of inquiries. We envision an expansion of the Sustainability Team in the upcoming reporting period in order to meet this demand.

Regarding sensitisation and structuring, we again refer to the elobau foundation established in 2016, along with its projects (see E2.2).

**E1.3 Unethical and unfit products and services**

We have excluded the use of our products in the production of weaponry and nuclear power for many years. We also do not produce products that are unethical in any way. Our customers also only manufacture (as far as verifiable) products that serve human development (see E1.1).

**GRI standards for E1.3**  
416-1

**Objectives relating to E1.3**

The development of the evaluation matrix (see E1.1) has made it possible for us to further exclude fields of use that fail to correspond with our concept of sustainability.



E2 Contribution to the community

GRI standards for E2.1

102-7, 201-1

E2.1 Taxes and social security contributions

|               | 2018         | 2019         |
|---------------|--------------|--------------|
| Total sales   | €118,454,516 | €118,924,580 |
| Net tax ratio | 91,70%       | 111,03%      |

elobau pays taxes and duties in accordance with the general conditions in Germany and Baden-Württemberg. elobau's headquarters is the largest employer in the municipality of Leutkirch. In terms of financial support, elobau mainly receives electricity tax reductions and feed-in tariffs under the Renewable Energies Act (EEG) for its nine electricity generation facilities.

GRI standards for E2.2

102-12, 102-13, 102-18, 203-1, 304-2, 304-3

E2.2 Voluntary contributions that strengthen society

elobau is active in many forms of social engagement. In 2019, as an example, we donated EUR 55,000 to various projects. We have supported education, culture, events and athletes within the framework of official sponsoring, totalling EUR 104,000. For example, we are partners of a monoskier who participated in the Paralympics, and we support a racing team with an electric drive. The donations and sponsorships totalled EUR 157,000 in 2018. This corresponds to 0.133% of sales. In 2019, this was EUR 159,000, or 0.134% of sales.

€316,000 in donations and sponsoring

were provided by the ensian Group during 2018 and 2019.

Overall donations, including the elobau foundation

However, this figure only includes the activities of the ensian group. Together with the elobau foundation, our donations total 10% of our operating profit. In 2018, total donations amounted to EUR 757,000, and the figure for 2019 is forecast to be EUR 710,000. The elobau foundation's charitable activities will be described below.

Approximately €1,467,000

in contributions to the common good

overall, together with the elobau foundation

Company bees

Since 2018, around 100,000 company bees have been resident on the roof of plant 2. The bees are looked after by around 10 volunteers, the so-called "elobeas". The honey produced by our busy bees is collected and sold to elobau employees. The profit from this sale is donated to a good cause.

Approximately 100,000 company bees

live on the roof of plant 2 and are cared for by 10 volunteers we call "elobeas".

elobau foundation

The elobau family business was converted into a foundation company in 2016. The previous sole owner, Michael Hetzer, invested all of his shares in a foundation. The elobau foundation possesses 99% of the company shares of the elobau Group as foundation capital and holds 1% of the voting rights.

Since its establishment, the elobau foundation has received an annual 10% of the operating profit of the elobau Group, or at least EUR 150,000 per business year. The annual contributions are thus formally stipulated. This does not include any additional voluntary distributions to the foundation.

The reasons for this restructuring were:

- the need to preserve independence, as enshrined in the mission statement
- the long-term safeguarding of the company irrespective of a person/family
- as well as the professionalisation of social commitment.

The basic idea behind all these measures and the declared objective of the elobau foundation is to initiate and support projects with a social and ecological impact. The foundation is firmly dedicated to the following issues:

- Education
- Integration
- Environmental protection/sustainability

**Education**

The foundation promotes, assists and initiates innovative educational concepts characterised by individual approaches with the goal of developing personal potential and actively engaging with ever-changing conditions, such as in the working world of the future.

**Integration**

One of society's greatest challenges currently is integrating migrants and refugees. Language skills, (occupational) education and employment set the groundwork for participation. The foundation is involved in these efforts and contributes to a mutual understanding and integration in the labour market. One example of this is the JobKraftwerk project initiated in the districts of Bodenseekreis and Ravensburg. This is an online portal where refugees can enter biographical data in several languages, for example via a smartphone, to create a resume in German. This effectively supports integration into the labour market by offering a single platform to bring together all parties involved, such as employers, volunteers, authorities and the refugees themselves.

**Environmental protection/sustainability**

Responsible management of resources, environmental awareness and sustainability are the core ideas of the broad concept of "sustainability", which includes aspects such as climate change, post-growth approaches, energy efficiency and the recycling economy. These efforts are manifested on a theoretical level and are also visible in specific local and regional projects.

**The motto "initiate, promote and motivate"**

Under the motto of "initiate, promote and motivate", the foundation takes on a very operational role rather than purely a supportive one. With a full-time executive board and two honorary members of the board, the elobau foundation primarily addresses projects that are self-initiated or that it helps develop through active participation and networking in addition to financial assistance. Ideally, the projects stabilise on their own apart from the foundation after an initial provision of financial and personnel resources.

**Fuelled by volunteers**

The foundation seeks to involve enthusiastic volunteers in all of the projects that it initiates with its dedicated resources. The different roles are comparable to that of a vehicle: The enthusiasm of volunteers serves as fuel, and financial means are the lubricant that enables movement. During 2019, approximately 80 volunteers were incorporated into individual projects.



**Measures implemented by the elobau foundation**

Approximately EUR 840,000 (see graph on page 108) was spent in 2018/2019 for various projects for the foundation's goals of education, integration of refugees and environmental protection. This includes personnel resources of approximately EUR 42,000 for 2018/2019. Allocation of all expenditure by foundation purposes: Education: EUR 506,000, integration: EUR 48,800 and environmental protection: EUR 285,000.

We successfully achieved the target of reducing the share of administrative costs in 2018 to 7%. The share during 2018 was approximately 6%, and it was 5% in 2019.

Only 5% for administrative costs  
for the elobau foundation in 2019






**Objectives of the elobau foundation**

We do not (yet) have an established results management system for the foundation and so far do not have any projects with multi-year runtimes. We continue to strive to improve the share of administrative costs. Implementing a full-time project management would indeed enhance efficiency, but it would also increase administrative costs. The relationship between greater efficiency and the associated rise in administrative costs will therefore be considered in the next reporting period.



Overview of the projects of the elobau foundation in 2018/2019

| Foundation purposes   | Program lines                  | Projects  | Overall volume<br>PLANNED/ACTUAL |
|---|--------------------------------|---|----------------------------------|
| <br>Environment & sustainability | Sustainability                 | Company bees, elobees (2017 – present)                        | €6,000.00                        |
|   |                                | “Blossoming municipality” campaign (2019)                     | € 3,000.00*                      |
|   |                                | “Colourful grassland” project (2018 – present)                | €50,000.00                       |
|   |                                | Wild plant biogas model project (2019 – present)              | €50,000.00                       |
|   |                                | Promotion of the Wild Argen foundation (2019 – present)       | €10,000.00                       |
|   | Biodiversity of flowered areas | “Leutkirch blossoms” campaign (2018)                          | € 4,000.00*                      |
|   |                                | Promotion of the “Bee alliance” (2018 – present)              | €15,000.00                       |
|   |                                | Interregional projects – Flowering landscape (2018 – present) | €60,000.00                       |
|   |                                | Bees / flowering areas / diversity of species (2016 – 2018)   | € 10,000.00*                     |
|   |                                | Überlingen Earth acre (2019 – present)                        | €3,000.00                        |
| <br>Education & development    | Innovative worlds of learning  | Book project, “Bees and Education” (2018 – 2019)              | € 20,000.00*                     |
|   |                                | “Our Heritage” documentary film (2018 – 2019)                 | € 15,000.00*                     |
|   |                                | Bees go to school (2018 – present)                            | €4,000.00                        |
|   |                                | Plant for the Planet (2017 – 2019)                            | € 30,000.00*                     |
|   |                                | Gymnasium Isny energy house (2018 – present)                  | €20,000.00                       |
|   |                                | NePals e.V. water project (2018)                              | € 20,000.00*                     |
|   |                                | Transmedia award 2019 (2019)                                  | € 5,000.00*                      |
|   |                                | Social Entrepreneurship Camp (2019)                           | € 10,000.00*                     |
|   |                                | Learning 3 (2017 – present)                                   | €225,000.00                      |
|   |                                | Educational lectures by Felix Brunner (2018 – present)        | €20,000.00                       |
|   |                                | KiThea – theater visit for students (2017 – present)          | €3,000.00                        |
|   |                                | Learning factory 4.0 (2019)                                   | € 30,000.00*                     |
|   |                                | Serlo – Student Wiki (2019 – present)                         | €125,000.00                      |
|   |                                | Afternoon care GM school (2017 – present)                     | €2,000.00                        |
| <br>Integration & community    | Social solidarity              | ClipContest 2018 (2018)                                       | € 10,000.00*                     |
|   |                                | Sauterleute art school (2018 – 2019)                          | € 30,000.00*                     |
|   |                                | Big band project (2018)                                       | € 10,000.00*                     |
|   |                                | Leutkirch shines (2018 – 2019)                                | € 6,000.00*                      |
|   |                                | Mobile painting room (2018)                                   | € 5,000.00*                      |
|   |                                | Generation Together (2018 – present)                          | €7,000.00                        |
|   |                                | Salvatoria – the film (2019 – present)                        | € 1,800.00*                      |
|   |                                | Job powerplant (2017 – 2019)                                  | € 30,000.00*                     |
|   |                                |   |                                  |
|   |                                |   |                                  |

\*Concluded project – actual costs without personnel expenditure

Examples of projects

Documentary film “Our Heritage”

We exploit our soil as if it were inexhaustible. But consider this: it takes our planet 2,000 years to build up 10 cm of fertile soil! What does this mean for us? What does this mean for the future? How do society and agriculture need to change so that we can pass on a living world with living soil to our children?

“Our Heritage” is a documentary film that seeks to raise awareness of sustainable agriculture. The facts presented convey the need for new perspectives in many areas in order to sustain the planet Earth in its current form. The scientist Ernst-Ulrich von Weizsäcker and entrepreneur, author and politician Sarah Wiener, among others, present their case. They describe the soil as our “last paradise”.

Trailer for the film: <https://vimeo.com/377082655>



Blossoming municipality of Ravensburg – the flower campaign

In 2018, a flower campaign was initiated in the Leutkirch area. Around 400 households participated and were provided with seed for an area of approximately 10,000 m². In 2019, the campaign was expanded in close partnership with the Department of Construction and the Environment to the entire municipality of Ravensburg. Once again, three types of seeds were offered, and participation exceeded expectations.

In December 2019, the campaign was awarded the UN Decade Project seal for biodiversity. The campaign officially displayed the seal from March 2020.

Project homepage 2019:  
[www.bluehender-landkreis.org](http://www.bluehender-landkreis.org)



E2.3 Inappropriate non-payment of tax

As an internationally operating group of companies, funds also flow across national borders. Generally, we only pay the international sales subsidiaries a sales-dependent commission. However, when a new location is set up, the sum can exceed this commission to allow for establishment of the site. But we always pay attention to (internal) transparency and appropriateness in order to minimise risks. The total expenditures never exceed the threshold of 10% of the total turnover. All financial transactions (both international and national) are posted in our accounting and banking system, completely transparent for our auditors. All economic beneficiaries are openly communicated through our foundation model (see Part B); there are no silent partners. Through the mentioned software support and the strict procedure according to the principles of orderly accounting (GoB), we minimise the risks of non-transparency and embezzlement throughout all transactions.

GRI standards for E2.4

102-16, 205-1, 205-2, 205-3, 415-1

E2.4 No anti-corruption policy

At elobau, we never engage in donations to parties or lobbying. Our employees are instructed to report corruption and are granted anonymity to protect them from repercussions. The budget is earmarked and controlled for social and societal purposes that allow effective contributions to support society.

In our General Work and Operating Regulations, all employees are obliged to decline gifts and other benefits and to immediately report any such offer to management. The Work and Operating Regulations are an integral part of the employment contracts. Christmas gifts are always provided to the Christmas raffle for all employees. All employees can anonymously contact management at any time through the suggestion box.

Implemented measures with respect to E2.4

The development of a detailed Code of Conduct was completed in 2019.

Objectives relating to E2.4

The Code of Conduct will be launched during the next reporting period.



E3 Reduction of environmental impact

E3.1 Absolute impact and management strategy

elobau has a certified environmental and energy management system. The two environmental and energy management systems ISO 14001 and 50001 were developed further and successfully converted in 2019 into the premier environmental management system EMAS (Eco-Management and Audit Scheme). The materiality analysis is securely anchored in the methodology of the EMAS and must be satisfied with respect to the environment (significant environmental considerations). We performed a materiality analysis for the two business sites (Leutkirch and Probstzella). The sustainability issues that arose in this analysis were prioritised in terms of risk, and key performance indicators were generated. We will be using these indicators in the future to minimise risks through identified opportunities. The precise data in this regard can be found in our Environmental Declaration.

Carbon footprint including Scope 3 missions

In addition to EMAS environmental management, elobau keeps track of its greenhouse gas emissions in a carbon footprint assessment according to the Greenhouse Gas Protocol and currently compensates unavoidable emissions with VER compensation certificates in accordance with the gold standard. The carbon footprint assessment also includes Scope 3 emissions from the upstream value creation chain. Greenhouse gas emissions in the reporting period were offset, so that elobau was carbon-neutral on balance, including in the value creation chain.

|   | 2017      | 2018      | 2019      |
|---|-----------|-----------|-----------|
| Scope 1-2 emissions in kg per thousand euros gross added value                    | 2.9       | 2.8       | 2.5       |
| Scope 1-3 emissions in kg per thousand euros gross added value                    | 116.9     | 115.5     | 114.5     |
| Gasoline, diesel, heating oil (Scope 1) in kg CO <sub>2</sub>                     | 191,553   | 179,943   | 178,645   |
| Transport <sup>11</sup> (Scope 3.4) in kg CO <sub>2</sub>                         | 48,230    | 54,396    | 45,840    |
| Overall waste in kg per thousand euros gross added value                          | 3.2       | 3.3       | 3.2       |
| Hazardous waste in kg <sup>12</sup> per thousand euros gross added value          | 0.15      | 0.14      | 0.10      |
| Water consumption in liters per employee  | 6,850     | 7,717     | 6,291     |
| Paper consumption <sup>13</sup> in kg paper                                       | 5,878     | 4,335     | 4,381     |
| Land usage in square meters per thousand euros gross added value                  | 0.41      | 0.38      | 0.46      |
| Energy consumption <sup>14</sup> in kWh per thousand euros gross added value      | 75.2      | 72.4      | 72.9      |
| Biogas consumption (see energy footprint) in kWh <sup>15</sup>                    | 1,381,502 | 1,345,419 | 1,507,918 |
| Energy ratio in % (proportion of generated energy to energy consumption, balance) | 71        | 75        | 69        |

<sup>11</sup> Background of transport emissions: Change of main logistics partner in 2016 and change of calculation basis

<sup>12</sup> We only record the use of hazardous chemicals via hazardous waste. Other consumables are included in the carbon footprint (exception: office supplies).

<sup>13</sup> Background of paper consumption: We now print operating instructions ourselves, which explains the increase in consumption of copy paper. In the big picture, this makes sense ecologically because paper consumption is thus accounted for in our carbon footprint, the printing makes use of green electricity and elobau's sustainability requirements apply to the paper manufacturer.

<sup>14</sup> In our view, use of artificial lighting in lumens is not a sensible indicator since we are constantly moving departments and the effort involved in recording this data is out of proportion to the benefit. The subject of lighting is integrated into energy management with regard to energy efficiency (e.g. LED conversion). From a health point of view, we measure the brightness individually at the workplace in lux within the framework of our ergonomic requirements.

<sup>15</sup> Heating energy is measured by gas consumption; however, the heat output of geothermal energy and microturbines is not measured.

GRI standards for E3.1

301-3, 302-1, 302-2, 302-4, 302-5, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5

The top 3 environmental aspects of elobau's business activities are:

1. Waste and hazardous wastes
2. Energy consumption/efficiency
3. Environmental impact on end products through our development work

Key indicators from our environmental and energy management (EMAS and DIN EN ISO 14001:2015) and from our carbon footprint assessment, direct and indirect CO<sub>2</sub> emissions according to the standards of the Greenhouse Gas Protocol for Scope 1, Scope 2 and Scope 3 emissions. The detailed core indicators as well as the carbon footprint and energy footprint can be found in the Appendix.

**Details on the new building projects for plant 2**

The infrastructure equipment includes two fresh air and exhaust air systems. One large system supplies production, and the second processes the air in the casting area. Moreover, an absorption and adsorption refrigerator was installed whose functional design makes room climate control possible in the summer and winter with fresh air, a liquid circuit and glycol chiller. The system runs completely without district heat or geo-thermal heat. For the event that temperatures fall below 5°C and the system does not need to be cooled, a small gas boiler heater was installed. This is operated with biogas from offal.

**Energy independence**

Energy independence is an unswerving goal at elobau. Our current energy ratio is 69%. At present, we rely on the purchase of green electricity and biogas.

**Sustainability Team projects**

During the overall reporting period, 54 projects were initiated by the expanded Sustainability Team. The projects addressed the areas of emissions (8), waste (5), energy efficiency (9), materials (6) and cross-company issues (21). With respect to energy efficiency, we are working on producing a comparable carbon footprint analysis for two similar products, an existing product and its next generation. The aim is to provide a balance sheet of environmental impact over the entire lifecycle. We also intend to make continuous improvements in the area of waste and packaging. Consequently, elobau envisions an international and European exchangeable container system that can be easily administered to significantly reduce the use of cardboard at elobau and its disposal by customers. The amount of effort involved in processing transport packages should be minimised for elobau and our customers.

**Implemented measures with respect to E3.1**

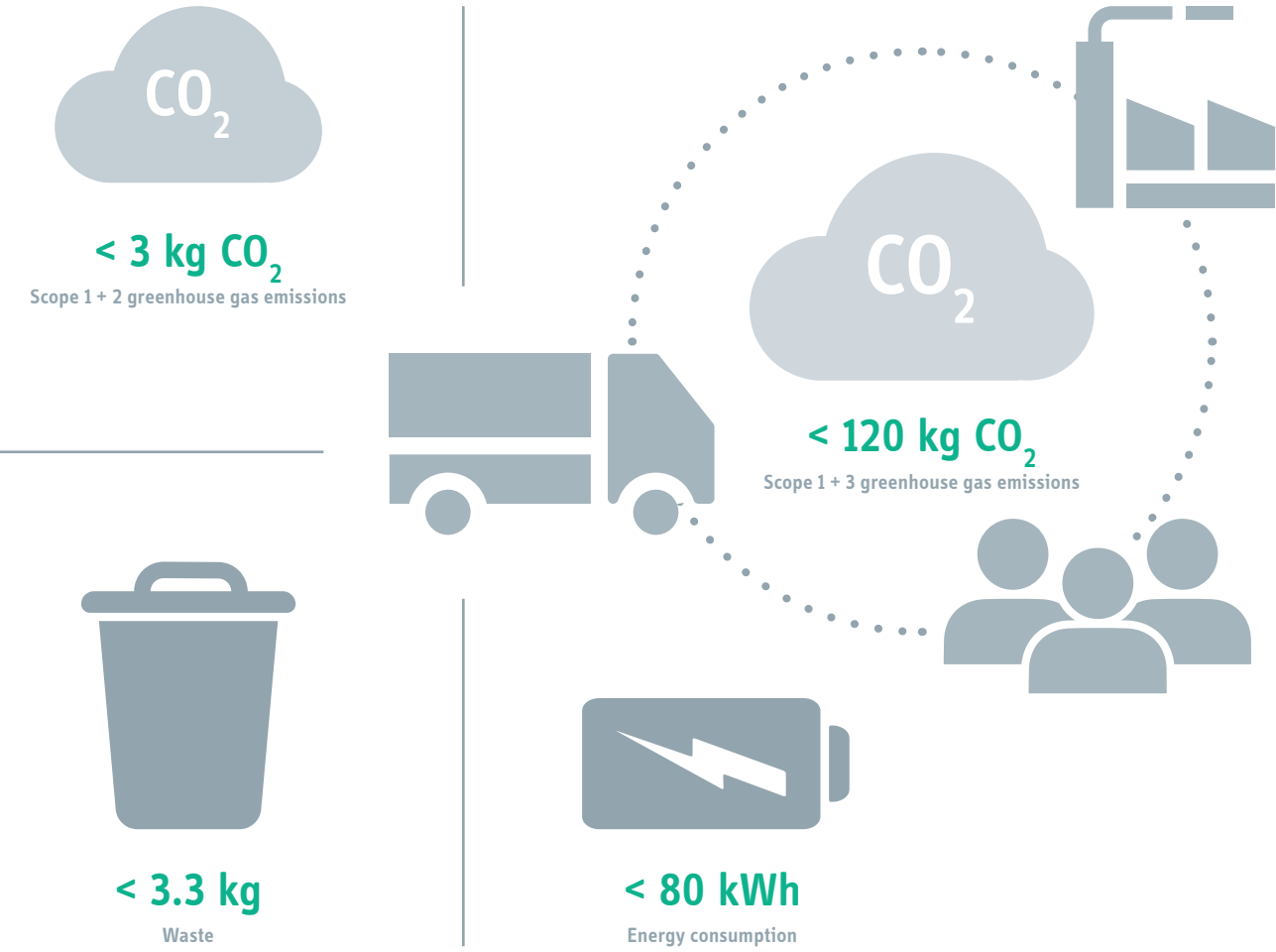
The annual sustainability program included the launching of the public organic cafeteria, the “Dining Room”, with subsidies for all employees. Professionalisation of environmental compliance management with the PAUL software and a new structure; intensification of internal criteria.

The new building projects 3 and 4 in plant 2 in Leutkirch were built completely of wood as an energy-plus building. The roof was designed as a sawtooth roof to maximise the amount of daylight entering the rooms and to enable the photovoltaic plants of 302.4 kWp and 276.89 kWp nominal output to be placed on the south side. The overall anticipated annual output is 550,000 kWh. The wood for the projects is a renewable and sustainable raw material that also has very pleasant acoustics. Building projects 3 and 4 have infrastructure equipment selected according to stringent energy efficiency standards and our sustainable procurement process.

We were able to further raise awareness within our Development department with the workshop “Ecologically sound product development”. The motivational presentation was sponsored together with Umwelttechnik BW and the sustainable smart phone manufacturer, Shiftphone. During the reporting period, five diesel vehicles from our vehicle fleet were replaced with four newly-purchased electric vehicles and one natural gas-powered vehicle. Three hybrid vehicles were also added to our vehicle pool.



**ACHIEVED ENVIRONMENTAL TARGETS 2018/2019 per 1,000 euros gross value-added**



approximately 550,000 kWh per year  
are generated by the new PV plants on the roof of plant 2.





**Objectives relating to E3.1**

The ECG should also be used as a management system. We set the following quantitative environmental and energy goals for 2020:

Previously, elobau has compensated for unavoidable Scope 1-3 emissions in accordance with the gold standard. It is our aim to approach compensation at the regional level; we are therefore reviewing projects for reforestation or the buildup of necessary layers of humus in German forests. This will allow us to engage in long-term projects for sustainable greenhouse gas compensation.

Our environmental goals are oriented around the EMAS core indicators. The project titles were associated with the relevant core indicator to clearly establish the link with the environmental goals. Since we desire to assume responsibility for the social and ecological impact of our business activities, we have also integrated them in our sustainability dashboard in JIRA. These measures are not assigned to a key indicator.

Moreover, we wish to record and reduce our emissions of chlorofluorocarbons that are responsible for the degradation of the ozone layer, as well as emissions that contribute to acidification (NO<sub>x</sub>, SO<sub>x</sub> and CO<sub>2</sub>).

**GRI standards for E3.2**

102-12, 102-13, 304-2

**E3.2 Relative impact**

No comparable environmental figures are published in our industry, so a relative comparison with other companies isn't yet possible. In the region where our headquarters are located, there are three other companies active in the sectors of operator controls and sensor technology.

Two of the companies are certified in accordance with DIN EN ISO 14001, and one has certified its four locations in accordance with EMAS. These companies have made it their aim to produce in a carbon-neutral manner in accordance with Scope 1 and 2 by 2030. The environmental indicators for Scopes 1-2 are recorded and reported. For Scope 3, only service travel is currently being recorded but not published. One other competitor purchases only green electricity. At the time this report was being drafted, we were therefore the only company operating in a carbon-neutral manner (Scopes 1-3) based on a direct comparison. Beyond the regional level, it is also not possible to find figures or averages for other companies in the industry. Even with the help of the industry association VDMA, we have not been able to find any examples of carbon-neutrality according to Scopes 1-3. Certain other companies belonging to the same industry association publish a sustainability report in some cases; however, these are active in other business areas.



**Objectives relating to E3.2**

The ecological impact can be reduced even further as indicated by the targets for the environmental indicators. Our level of innovation can also be improved and expanded in many respects.

**E3.3 Infringement of environmental regulations and disproportionate environmental pollution**

**GRI standards for E3.3**

302-1, 302-4, 304-2

During 2018, the second monitoring audit was performed for the environmental and energy management system in accordance with DIN EN ISO 14001:2015 and DIN EN ISO 50001:2011. As described in E3.1, the two aforementioned systems were transitioned to EMAS and underwent a successful initial certification in March 2019.

Since the beginning of 2019, the software-supported, web-based legal registry has been used to ensure that legal requirements are observed (EEG, REACH/ RoHS Directive). This contains EU, federal and state regulations from environmental and energy law (regulations, directives, implementation decisions, laws, technical rules, statutes, etc.).

Currently, no plants that require authorisation according to the Federal Emissions Control Act and Ordinance are being operated. Moreover, no wastewater from production is being fed into the public sewage system.

No complaints, disputes with neighbours or other stakeholders are known. The technical state of the machine and energy park has been rated above average by third parties such as the Chamber of Industry and Commerce or visitor groups.



**Objectives relating to E3.3**

Continued improvement with the development of PAUL to produce a customised software program.

**E4 Transparency and co-determination**

**E4.1 Transparency**

**GRI standards for E4.1**

102-13

In July 2016, elobau voluntarily published its second Sustainability Report in accordance with the German Sustainability Code (DNK). In November 2016, elobau was the first company of the industry association VDMA to publish an Economy for the Common Good balance sheet. In 2018, the ECG balance sheet was audited externally for the reporting period of 2016/2017. Both reports are freely available on the web site as a PDF download. During our lectures and job fairs, we refer to these reports. The sustainability reports are proactively sent to all our customers, suppliers and network partners. Furthermore, we offer them for free at fairs, distribute them to our employees, and make them available to our visitors.



GRI standards for E4.2

102-18, 102-43, 102-44

E4.2: Societal participation

There is a regular exchange with the city of Leutkirch on the development of a sustainable mobility concept and for construction projects. Accordingly, the municipal council of the major regional city of Leutkirch is included in all of these projects. Each interest group or affected group can contact us using the conventional means of communication of telephone, email or our website. The particular issues are routed to the relevant department or management. All enquiries are answered promptly, for example, event enquiries on electromobility or sustainability management. However, there is no demand for participation opportunities in business activities or decision-making processes.

Objectives relating to E4.2

Various social media are actively being utilised by elobau as a new popular means of communication. The posts about events, employees, environmental policy issues and social engagement published on these media will be examined to a greater extent during the upcoming reporting period. We will be recording and processing the approval barometer consisting of likes, comments and discussions.



GRI standards for E4.3

417-1

E4.3 Lack of transparency and willful misinformation

Openness in communication is firmly anchored in our mission statement. This means that openness and transparency are widely practiced at elobau. Therefore, ambiguities in communication are only due to ongoing changes within the company and the constant processing of communication that is required.

Objectives relating to E4.3

We are consistently working on ways to optimise our communication and thereby enhance our transparency. This allows all groups impacted by elobau to be included and informed.



Implemented measures

- Introduction of the Mobile Strategy Team to strengthen the collaboration with sustainable and innovative companies in the off-highway sector
- Re-evaluation of elobau's core competencies and expansion of the pre-development department
- A high level of social engagement through lectures and motivational talks
- Initiation and implementation of more than 30 sustainability projects
- Reduction of the administrative ratio for the elobau foundation to less than 7%
- Changeover to the EMAS environmental management system
- Introduction of the environmental compliance management software PAUL
- Construction of building projects 3 + 4 according to the highest energy efficiency standards
- Implementation of 54 projects by the expanded Sustainability Team



Objectives

- Develop a strategy to select key customers using an evaluation matrix based on sustainability criteria
- Ongoing development of the environmental compliance management system PAUL
- Review regional projects for compensating our emissions in accordance with Scopes 1 to 3
- Increase the level of innovation and further reduce ecological impact
- Reduce our emissions of chlorofluorocarbons, NOx and SOx
- Develop a service for companies that need assistance in implementing sustainability within their organisation
- Ongoing optimisation of our communication to increase transparency
- Implement a sustainability indicator at the product level based on a lifecycle assessment and open communication with customers and stakeholders



ECG evaluation scale

| Review results                              | E1.1 | E1.2 | E1.3 | E2.1 | E2.2 | E2.3 | E2.4 | E3.1 | E3.2 | E3.3 | E4.1 | E4.2 | E4.3 |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Exemplary (7-10 points)                     | 9    |      |      |      | 8    |      |      |      |      |      | 7    |      |      |
| Experienced (4-6 points)                    |      | 7    |      | 7    |      |      |      | 6    | 6    |      |      |      |      |
| Advanced (2-3 points)                       |      |      |      |      |      |      |      |      |      |      |      | 3    |      |
| Getting started (1 point)                   |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Negative aspects                            |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Negative aspects (0 to 200 negative points) |      |      | 0    |      |      | 0    | 0    |      |      | 0    |      |      | 0    |

# OUTLOOK & OBJECTIVES

## OBJECTIVES FOR 2022

We have defined seven key objectives for the upcoming reporting period that we would like to address in further detail:

1. Our supply chain will be refined and made more transparent by employing a professional sustainability ranking system.
2. At the product level, we will be developing and implementing a sustainability indicator through a lifecycle assessment.
3. Investigate alternative materials and construction methods that can help replace materials or metals in new products.
4. Conduct a study to assess alternative compensation methods for unavoidable CO<sub>2</sub> emissions to determine the most effective mix of regional and cross-regional projects.
5. Reduce GHG emissions from employee mobility with the assistance of Zammefahre.
6. Develop a cross-company network for the occupational health management.
7. Implement sustainability support for companies by sharing best practices.

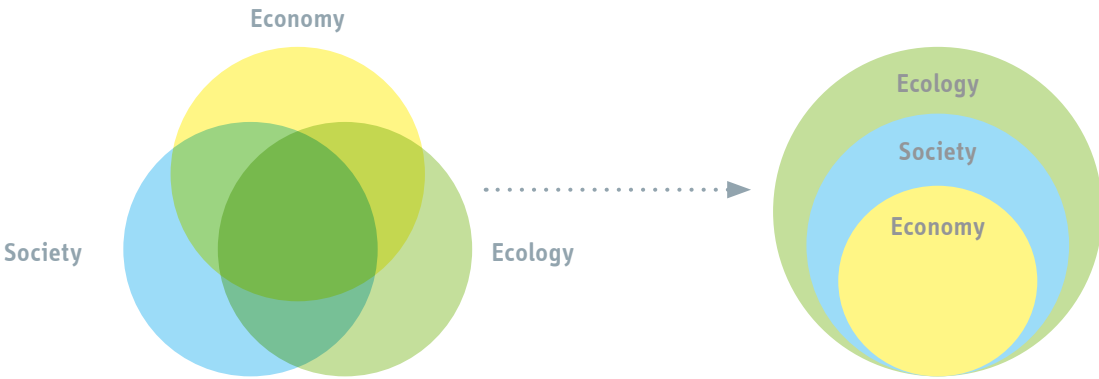


## OBJECTIVES FOR 2025

|              |                       |  |  |  |
|--------------|-----------------------|--|--|--|
| ↗ 80 %       | ↗ 70 %                | No   | ↗ 1/4  | ↗ 20 %   |
| Energy ratio | Equity-to-asset ratio | supplier   | Share of vegetarian dishes in organic cafeteria (previously 13%) | Increase in the percentage of bio-based and recycled plastics in the product |
|              |                       | Without verification of work conditions and human rights |  |  |

## THE VISION 2030

Our current understanding of sustainability envisions an equal emphasis on ecology, society and the economy. Over the long term, a reduction of CO<sub>2</sub> emissions only involves a slow-down of progressive climate changes. Physical laws dictate that we cannot draw more resources from nature than nature can replace. For our Vision 2030, we, therefore, view ecology as a cornerstone of responsible social and corporate action. Social stability requires an intact ecological system. And social stability is a prerequisite for economic activity. Our Vision 2030 therefore seeks to prioritise sustainability. We intend to communicate this only after comprehensive and effective implementation, although our individual decision-making process is already founded on this precept.



# APPENDIX

| Energy footprint   | 2017             | 2018             | 2019             |
|--|------------------|------------------|------------------|
| <b>Power consumption in kWh</b>  |                  |                  |                  |
| Plant 1, Leutkirch   | 815,633          | 864,292          | 879,022          |
| Plant 2, Leutkirch   | 1,838,594        | 1,901,098        | 1,887,151        |
| Plant 2, construction phase 1  | 703,234          | 739,540          | 690,812          |
| Plant 2, construction phase 2  | 905,187          | 922,465          | 953,493          |
| Plant 2, logistics   | 230,173          | 239,093          | 242,846          |
| Dining Room – organic cafeteria  | 0                | 68,924           | 129,204          |
| Mösle warehouse  | 0                | 7,322            | 16,685           |
| Probstzella tool manufacturing (Lichtenhain up to 7/2016)  | 273,338          | 332,671          | 340,508          |
| Open-air photovoltaic system, Fraureuth, Thuringia   | 26,256           | 20,877           | 20,911           |
| <b>Total energy consumption</b>  | <b>2,953,824</b> | <b>3,195,183</b> | <b>3,273,481</b> |
| <b>Biogas consumption in kWh</b>   |                  |                  |                  |
| Plant 1  | 737,295          | 714,367          | 691,689          |
| Plant 2  | 644,207          | 589,503          | 713,879          |
| Plant 2, construction phase 1 + 2 + Log. Center  | 644,207          | 589,503          | 576,013          |
| Plant 2, construction phase 3 + 4  | 0                | 0                | 137,866          |
| Mösle warehouse  | 0                | 41,549           | 102,350          |
| <b>Total biogas consumption</b>  | <b>1,381,502</b> | <b>1,345,419</b> | <b>1,507,918</b> |
| <b>Vehicle fleet energy consumption in kWh</b>   |                  |                  |                  |
| Diesel   | 730,290          | 654,624          | 622,365          |
| Gasoline   | 11,811           | 46,165           | 66,485           |
| Natural gas  | 0                | 9,052            | 17,082           |
| External charging station power  | 0                | 0                | 9,556            |
| elobau charging station power<br><small>(included in consumption for plants 1, 2, Probstzella)</small> | 1,679            | 10,567           | 11,235           |
| Total vehicle fleet energy consumption   | 742,101          | 709,841          | 715,489          |
| <b>Total energy consumption in kWh</b>   | <b>5,077,427</b> | <b>5,250,444</b> | <b>5,496,887</b> |
| <b>Power generation in kWh</b>   |                  |                  |                  |
| Fraureuth plant, 2,423 kWp   | 2,612,779        | 2,905,716        | 2,866,688        |
| PV plant 42.8 kWp, plant 2   | 45,654           | 48,662           | 46,412           |
| PV plant 241 kWp, plant 2  | 274,938          | 289,283          | 284,881          |
| PV plant, Logistics 225 kWp 8 (private consumption plant)  | 205,438          | 216,356          | 195,631          |
| PV plant, Probstzella, roof-mounted 141 kWp  | 40,150           | 108,573          | 91,453           |
| PV plant, Probstzella, open-air 263 kWp  | 87,639           | 203,119          | 211,741          |
| <b>Subtotal for PV plants</b>  | <b>3,266,598</b> | <b>3,771,709</b> | <b>3,696,806</b> |
| Power from micro gas turbine, plant 1  | 74,992           | 81,874           | 59,079           |
| Power from micro gas turbine, plant 2  | 81,824           | 90,941           | 73,816           |
| <b>Subtotal for micro gas turbines</b>   | <b>156,816</b>   | <b>172,815</b>   | <b>132,895</b>   |
| <b>Total energy generation in kWh</b>  | <b>3,423,414</b> | <b>3,944,524</b> | <b>3,829,701</b> |
| <b>Energy ratio (production/consumption in kWh)</b>  | <b>67</b>        | <b>75</b>        | <b>69</b>        |

Table 1:  
Energy  
footprint  
including  
vehicle fleet  
2017 – 2019

|                        | Industries                                     | Examples   | Basic needs <sup>16</sup> | Development of <sup>17</sup> | UN SDGs <sup>18</sup> |
|------------------------|--|--|---------------------------|------------------------------|-----------------------|
| More than 80% of sales | Agricultural equipment                         | e.g.: Agricultural and forestry tractors, equipment for soil tillage, harvesting machinery, gardening and landscape management | 1, 2                      | H E                          | 2                     |
|                        | Conveyor systems                               | e.g.: Industrial trucks, aerial work platforms, municipal vehicles   | 1, 2, 6, 7, 9             | H E                          | 3, 6, 9, 11, 12       |
|                        | Construction and civil engineering machinery   | e.g.: Construction machinery, civil engineering, mining, road construction   | 1, 2, 5                   | H                            | 8, 9, 11, 12          |
|                        | Food and packaging machines                    | e.g.: Commercial dishwashers, bread slicers, packaging   | 1, 2, 6                   | H E                          | 2, 3, 6, 10, 12       |
|                        | Fluid technology                               | e.g.: Hydraulics, pneumatic systems (valves, pumps, filters...)  | 1, 2                      | H E                          | 3, 6, 7, 11, 14       |
|                        | Process engineering machines and equipment     | e.g.: Water treatment, wastewater treatment, tank farms  | 1, 2, 9                   | H E                          | 3, 6                  |
|                        | Laboratory and medical technology              |  | 1, 2                      | H                            | 3, 12                 |
| Less than 20% of sales | Drive engineering                              |  | 1, 2, 9                   | H                            | 3, 7, 8, 9            |
|                        | Measuring and testing equipment                |  | 1, 2                      | H E                          | 3, 6, 7, 8, 9, 12     |
|                        | End consumer, spare parts                      | e.g.: Medical technology, pharmaceutical industry, food and beverage industry  | 1, 2, 6                   | H                            | 3, 12                 |
|                        |  |  |                           |                              |                       |
|                        | Fire-fighting equipment                        | e.g.: Fire service vehicles, fire service equipment  | 1, 2                      | H E                          | 3, 11                 |
|                        | Printing and paper technology                  | e.g.: Pressure machines  | 2, 6, 7                   | H                            | 3, 4, 12              |
|                        | Cleaning systems                               | e.g.: Steam cleaners   | 1, 2, 5                   | H                            | 2, 3, 6, 10, 12       |
|                        | Compressors, compressed air and vacuum systems | e.g.: Construction machinery   | 1, 2, 5                   | H                            | 8, 9, 11, 12          |
|                        | Cooling systems                                | e.g.: Commercial refrigeration units and chillers, heat pumps  | 1, 5                      | H                            | 2, 3, 12              |
|                        | Central lubrication systems                    |  | 1, 2                      | H                            | 8, 9, 12              |
|                        | Tool manufacturing machines                    |  | 1, 2, 7, 8, 9             | H                            | 8, 9, 12              |
|                        | Textile machinery                              |  | 1, 7                      | H                            | 3, 12                 |
|                        | Power systems                                  | e.g.: Turbines and power engines   | 1, 2, 9                   | H                            | 3, 7, 8, 9            |
|                        | Off-highway vehicles                           | e.g.: Garbage trucks, environmental engineering, special tractors  | 1, 2, 6, 7, 9             | H E                          | 3, 6, 9, 11, 12       |
|                        | Plastic and rubber machinery                   | e.g.: Injection molding, extruders   | 2, 7                      | H                            | 8, 9, 12              |
|                        | Marine, maritime, offshore                     | e.g.: Ship building  | 1, 2, 5, 6, 9             | H                            | 3, 6, 14              |
|                        | General ventilation technology                 | e.g.: Fans, ventilation systems, drying systems  | 1, 2                      | H                            | 3, 7, 8, 9, 11        |
|                        | Woodworking machines                           |  | 1, 2, 7                   | H                            | 8, 11, 15             |
|                        | Trucks   |  | 1, 2, 9                   | H                            | 8, 9                  |
|                        | Buses  |  | 1, 2, 9                   | H                            | 1, 3, 8, 11, 13       |
|                        | Miscellaneous                                  |  | –                         | –                            | –                     |
|                        | Sales <sup>19</sup>                            | e.g.: Wholesalers, suppliers, subsidiaries, distributors   | –                         | –                            | –                     |

Table 2:  
Use of products produced  
by elobau by industries

| EMAS core indicators, Leutkirch                                       | 2016  | 2017  | 2018  | 2019  | PLAN 2020 |
|---|-------|-------|-------|-------|-----------|
| <b>Emissions, Scopes 1-2 in kg</b><br>per 1,000 EUR gross value added | 3.36  | 3.02  | 2.69  | 2.42  | 2.29      |
| <b>Waste in kg</b><br>per 1,000 EUR gross value added                 | 3.29  | 3.25  | 3.34  | 3.16  | 3.07      |
| <b>Energy consumption in kWh</b><br>per 1,000 EUR gross value added   | 83.12 | 75.37 | 67.55 | 68.07 | 72.00     |
| <b>Water consumption</b><br>per 1,000 EUR gross value added           | 74.33 | 76.13 | 81.50 | 70.79 | 71.69     |
| <b>Land usage in m<sup>2</sup></b><br>per 1,000 EUR gross value added | 0.38  | 0.33  | 0.31  | 0.39  | 0.38      |
| <b>Standardised scrap rate</b><br>as per reference year               | 91.00 | 67.00 | 56.00 | 58.16 | 51.02     |

Table 3:  
EMAS core  
indicators,  
Leutkirch

| EMAS core indicators, Probstzella                             | 2016   | 2017   | 2018   | 2019   | PLAN 2020 |
|---|--------|--------|--------|--------|-----------|
| <b>Emissions, Scopes 1-2 in kg</b><br>per production hour     | 0.648  | 0.211  | 0.208  | 0.230  | 0.211     |
| <b>Waste in kg</b><br>per production hour                     | 0.392  | 0.186  | 0.221  | 0.386  | 0.221     |
| <b>Energy consumption in kWh</b><br>per production hour       | 11.488 | 11.446 | 13.141 | 14.543 | 13.318    |
| <b>Water consumption</b><br>per production hour               | 5.559  | 4.194  | 4.148  | 4.886  | 4.333     |
| <b>Land usage in m<sup>2</sup></b><br>per production hour     | 0.270  | 0.206  | 0.196  | 0.212  | 0.196     |
| <b>Lubricant consumption in liters</b><br>per production hour | 0.047  | 0.035  | 0.032  | 0.027  | 0.029     |

Table 4:  
EMAS core  
indicators,  
Probstzella

<sup>16</sup> The fundamental human needs according to Neef are used as an evaluation framework in the ECG. They are defined as follows: 1. Subsistence, health, well-being, 2. Protection, safety, 3. Affection, love, 4. Understanding, empathy, 5. Participation, security, 6. Leisure, recreation, 7. Creativity, 8. Identity, meaning, 9. Freedom, autonomy

<sup>17</sup> The ECG also inquires whether our products serve the development of humans (H) or the earth/biosphere (E).

<sup>18</sup> UN Sustainable Development Goals: To what extent do our products solve societal problems? The ECG uses the UN development goals as a benchmark. The 17 goals can be found at: <https://sustainabledevelopment.un.org/sdgs>

<sup>19</sup> Somewhat more than 10% of our products are sold through sales companies and wholesalers. It is however more difficult to precisely track how the products are used. Nonetheless, it can be assumed that the products are used in the same way as those that are marketed directly. Moreover, our distributors are obligated to not sell the products to weapons manufacturers.



| Carbon footprint for the ensian group<br>according to the Greenhouse Gas Protocol (GHG) |   | CO2 factor | 2018 volume        | GHG emissions for 2018<br>03/20/2019 | 2019 volume        | GHG emissions for 2019<br>08/18/2020 | Deviation     |
|---|---|------------|--------------------|--------------------------------------|--------------------|--------------------------------------|---------------|
|   |   | KlimAktiv  | [kWh/l/kg/item/km] | [kg CO2e]                            | [kWh/l/kg/item/km] | [kg CO2e]                            |               |
| <b>Scope 1</b>  | <b>Direct emissions</b>   |            |                    | <b>200,829</b>                       |                    | <b>183,955</b>                       | <b>-8.4%</b>  |
|   | Heating oil consumption for tool manufacturing [kWh] (stationary combustion)                  | 0.267      | 0                  | 0                                    | 0                  | 0                                    |               |
|   | Evaporation from chillers and refrigeration systems   |            |                    | 20,885                               |                    | 5,310                                | -74.6%        |
|   | Vehicle fleet, diesel [liters] (mobile combustion)  | 2.513      | 66,124             | 166,156                              | 62,865             | 157,967                              | -4.9%         |
|   | Vehicle fleet, gasoline [liters] (mobile combustion)  | 2.226      | 5,368              | 11,951                               | 7,731              | 17,212                               | 44.0%         |
|   | Vehicle fleet, natural gas [kg] (mobile combustion)   | 2.620      | 701                | 1,836                                | 1,323              | 3,465                                | 88.7%         |
| <b>Scope 2</b>  | <b>Indirect emissions from energy procurement</b>   |            | <b>3,118,938</b>   | <b>0</b>                             | <b>3,137,148</b>   | <b>4,023</b>                         |               |
|   | Certified green electricity for Leutkirch plants 1 + 2; Probstzella and PV plant in Fraureuth | 0.000      | 3,118,938          | 0                                    | 3,127,592          | 0                                    |               |
|   | <sup>20</sup> External vehicle fleet charging station power [kWh] (mobile combustion)         | 0.421      | 0                  | 0                                    | 9,556              | 4,023                                |               |
| <b>Scope 3</b>  | <b>Indirect emissions from upstream and downstream processes</b>                              |            |                    | <b>8,167,433</b>                     |                    | <b>7,785,022</b>                     | <b>-4.7%</b>  |
| <b>Scope 3.1</b>  | <b>Purchased goods (cradle-to-grave)</b>  | separate   | <b>191,430,952</b> | <b>7,009,309</b>                     | <b>179,666,346</b> | <b>6,605,484</b>                     | <b>-5.8%</b>  |
| <b>Scope 3.3</b>  | <b>Upstream chain fuel and energy-related emissions</b>                                       |            |                    | <b>282,367</b>                       |                    | <b>194,369</b>                       | <b>-31.2%</b> |
|   | Gasoline [liters] (upstream chain fossil fuels)   | 0.474      | 5,368              | 2,545                                | 7,731              | 3,665                                |               |
|   | Diesel [liters] (upstream chain fossil fuels)   | 0.601      | 66,124             | 39,760                               | 62,865             | 37,801                               |               |
|   | Vehicle fleet, natural gas [kg] (mobile combustion)   | 0.640      | 701                | 449                                  | 1,323              | 847                                  |               |
|   | External vehicle fleet charging station power [kWh] (mobile combustion)                       | 0.000      | 0                  | 0                                    | 9,556              | 800                                  |               |
|   | Heating oil [kwh] (upstream chain fossil fuels)   | 0.051      | 0                  | 0                                    | 0                  | 0                                    |               |
|   | Green electricity [kWh] (upstream chain renewable energy carrier)                             | 0.034      | 3,195,184          | 109,403                              | 3,137,148          | 107,416                              |               |
|   | Biogas electricity [kWh] (upstream chain renewable energy carrier)                            | 0.106      | 1,345,419          | 142,480                              | 1,405,568          | 52,877                               |               |
|   | Micro gas turbine power input, plant 1 [kWh credit]   | -0.068     | 81,874             | -5,813                               | 59,079             | -4,017                               |               |
|   | Micro gas turbine power input, plant 2 [kWh credit]   | -0.068     | 90,941             | -6,457                               | 73,816             | -5,019                               |               |
| <b>Scope 3.4 + 3.9</b>  | <b>Upstream and downstream transportation</b>   | separate   |                    | <b>54,396</b>                        |                    | <b>45,840</b>                        | <b>-15.7%</b> |
| <b>Scope 3.5</b>  | <sup>21</sup> <b>Waste [flat transport factor for non-landfill waste]</b>                     | 0.021      | <b>248,417</b>     | <b>5,217</b>                         | <b>248,105</b>     | <b>5,210</b>                         | <b>-0.1%</b>  |
| <b>Scope 3.6</b>  | <b>Business trips, flights</b>  | separate   | <b>188,453</b>     | <b>48,662</b>                        | <b>270,287</b>     | <b>89,235</b>                        | <b>83.4%</b>  |
| <b>Scope 3.7</b>  | <b>Employee commuting [total]</b>   |            | <b>4,094,819</b>   | <b>764,871</b>                       | <b>4,502,645</b>   | <b>836,037</b>                       | <b>9.3%</b>   |
|   | No entry (handled like passenger cars with combustion engines)                                | 0.209      | 284,701            | 59,389                               | 246,932            | 51,510                               |               |
|   | Ridesharing/passengers  | 0.000      | 245,581            | 0                                    | 286,889            | 0                                    |               |
|   | Motorcycle, etc.  | 0.127      | 23,259             | 2,961                                | 25,009             | 3,184                                |               |
|   | Public transportation   | 0.0695     | 14,064             | 977                                  | 13,417             | 932                                  |               |
|   | By pedelec/e-bike   | 0.0050     | 22,974             | 119                                  | 28,643             | 143                                  |               |
|   | Electric car  | 0.0058     | 17,940             | 104                                  | 30,359             | 176                                  |               |
|   | Passenger car with combustion engine  | 0.2086     | 3,362,034          | 701,320                              | 3,739,655          | 780,092                              |               |
|   | By foot/bicycle   | 0.000      | 124,266            | 0                                    | 131,741            | 0                                    |               |
| <b>Scope 3.8</b>  | <sup>22</sup> <b>Rented or leased fixed assets (dining room, Möslé warehouse)</b>             | 0.034      | <b>76,246</b>      | <b>2,611</b>                         | <b>248,239</b>     | <b>8,846</b>                         | <b>238.8%</b> |
|   | Electricity – Green electricity   | 0.0342     | 76,246             | 2,611                                | 145,889            | 4,995                                |               |
|   | Gas – Biogas  | 0.0376     | 0                  | 0                                    | 102,350            | 3,850                                |               |
| <b>Total</b>  |   |            |                    | <b>8,368,261</b>                     |                    | <b>7,973,000</b>                     | <b>-4.7%</b>  |

No relevance or available data for Scopes 3.2, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15

Changes:

<sup>20</sup> Consumed electricity from external charging stations was added to indirect emissions from energy procurement

<sup>21</sup> Scope 3.5 Flat transport factor for non-landfill waste was added to Scope 3 Emissions

<sup>22</sup> Consumption was divided into electricity and gas for Scope 3.8 Rented or leased fixed assets

Table 5:  
Carbon footprint

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About elobau

ensian group GmbH, foundation company  
www.elobau.com

Electronics industry  
(NACE code: 26.11.9 Production of electronic switches including electronic components I  
Trade associations: VDMA and ZVEI)

Zeppelinstraße 44  
D-88299 Leutkirch im Allgäu  
Germany

Total number of employees: 950 employees  
Full-time equivalents: 886 employees  
Part-time: 6 employees  
Sales: EUR 118 million  
Reporting period: 2018 - 2019

Subsidiaries (100% ownership)

|   |   |   |
|---|---|---|
| elobau management GmbH<br>Management<br>Germany       | elobau Austria GmbH<br>Austria                | grimelo GmbH & Co.KG<br>Real Estate<br>Germany        |
| elobau GmbH & Co.KG<br>Production<br>Germany          | elobau Benelux B.V.<br>Netherlands            | elo.Deli GmbH & Co.KG<br>Organic Cafeteria<br>Germany |
| anelo GmbH & Co.KG<br>Plants<br>Germany               | elobau Tecnologia em Sensores Ltda.<br>Brazil |   |
| elobau Energie GmbH & Co.KG<br>Energy Park<br>Germany | elobau France S.a.r.l.<br>France              |   |
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|   | elobau UK Limited<br>UK                       |   |

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According to Standard 5.0 of the Economy for  
the Common Good

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