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## 1 About this report

Our world has realized the importance of sustainability. For MRS Electronic, sustainability is not just a trend or a response to regulations—it’s a key part of our business strategy.

We are improving our internal practices to strengthen our sustainability efforts. As part of this journey, we aim to work with our stakeholders to innovate and create a more sustainable industry. Our goal is not just to become better but to truly operate in a sustainable way. We believe this will also open new business opportunities.

Over the past year, we’ve reflected on our role in society and the steps we need to take to improve. We’re focused on considering the needs of our employees, business partners, and the communities we support.

Our long-term sustainability strategy is about building lasting value for our stakeholders, partners, and employees while growing our business responsibly.

The following principles guide our global environmental, social, and governance (ESG) strategy. They reflect our vision, values, and commitment to sustainability.

We’re excited to share our progress and to work together with our stakeholders to achieve these goals.

## 2 Our 2023

### KEY FIGURES

236

Employees

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€37.9 Million

In Net Revenue

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## 3 Our Business Model

MRS Electronic has been developing, producing and distributing measuring and control systems, and vehicle electronics as well as customer-specific hardware and software solutions for over 25 years and supports the customers in their vision. Our expertise lies primarily in the niche market for small controllers and products such as relays, gateways, controllers, HMI systems and CAN controllers. But we also offer the latest charging solutions for electric vehicles in the field of e-mobility.

We believe that long-term success comes from combining innovation with efficient use of resources and financial growth with strong ESG (environment, social, governance) performance. To support this vision, MRS electronics' organizational structure is designed to enhance:

- The quick, adaptable approach of each business unit
- Emphasis on new technologies and digital solutions
- A customer-first mindset
- Clear roles and responsibilities
- Collaboration between business units for a unified global approach
- The Company's overall efficiency and effectiveness
- Strong corporate governance

### 4 Sustainable Development Goals (SDGs) and MRS Electronic

In 2015, all United Nations member states endorsed the 2030 Agenda for Sustainable Development, which serves as a roadmap for promoting peace and prosperity for both people and the planet. This global framework introduces 17 Sustainable Development Goals (SDGs) aimed at addressing critical challenges.



As a leader in the electronics industry, MRS understands the urgency of this challenge. Sustainability has become a central pillar of our business strategy because we recognize that long-term success depends on embedding sustainable practices into every aspect of our operations. These practices influence our global workforce, our entire product portfolio, and our internal and external processes. By integrating environmental, economic, and social considerations into our decision-making, we are better equipped to meet our customers' needs while delivering efficient, effective, and tailored solutions. Our aim is to become a leader in sustainable development, a goal we believe can only be achieved through strong collaboration with our customers, employees, investors, suppliers and society.

# MRS ELECTRONIC GMBH & CO. KG

## SUSTAINABILITY REPORT



As an electronics company specializing in vehicle electronics, we support SDGs 1, 2, and 8 by creating job opportunities, providing stable employment with fair wages and benefits, promoting sustainable practices, and supporting small businesses. Additionally, we focus on skill development for our employees by offering training programs that help them gain valuable skills, increasing their earning potential and career growth opportunities.



We promote employees' health and well-being by maintaining strict health and safety standards in the workplace, minimizing the risk of injury and ensuring a safe environment. Regular safety training and accident prevention programs contribute to a healthier work environment.

Additionally, we offer stress management support, gym memberships, and other sports activities, enabling employees to stay active and motivated, thereby enhancing their overall well-being.



We contribute to SDG 4: Quality Education, which aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Although we are not an education provider, our company supports educational initiatives, skills training, and knowledge-sharing opportunities that empower both employees and communities. We collaborate with universities to support students interested in electronics studies and provide them with vocational training.

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## SUSTAINABILITY REPORT



We aim to achieve gender equality and reduce inequalities in all forms. Although the automotive and electronics industries have traditionally been male dominated, we have the opportunity to create an inclusive environment, support gender equality, and empower women within our workforce, supply chain, and community. Contrary to industry norms, we have a higher percentage of women in our workforce compared to the typical electronics industry. We ensure that our hiring panels include diverse perspectives to minimize unconscious bias, promoting fairer hiring decisions and a more balanced workforce.



We support SDG 13 by focusing on sustainable sourcing, reducing pollution and carbon emissions, sourcing raw materials responsibly, and designing energy-efficient vehicle electronics. Through these efforts, we not only minimize our environmental impact but also contribute to a healthier, more sustainable future.

Additionally, we utilize solar panel systems to generate electricity on our buildings, and we prioritize the optimal use of energy.



MRS Electronic plays an important role in supporting SDG 16: Peace, Justice, and Strong Institutions, as well as SDG 17: Partnerships for the Goals, which aim to promote peace, provide access to justice for all, and build effective, accountable, and inclusive institutions. We contribute by promoting ethical governance, adhering to the rule of law, fostering transparency, and ensuring fair and just practices both within the company and in the broader community. Our efforts focus on fostering collaborations between the private sector, civil society, and other stakeholders to achieve the broader SDGs.

## 5 Sustainability Goals, Actions, and Strategy

### Our Mission

Our mission is to create a sustainable future by integrating environmental, social, and governance (ESG) principles into every aspect of our operations. We are committed to reducing our carbon footprint, accurately measuring emissions, and implementing impactful solutions. Through embedding the United Nations Sustainable Development Goals (SDGs) into our code of conduct and operations, we aim to promote social equity, ethical governance, and long-term value creation for our stakeholders.

### Our Field of Action

Sustainability is now a core element of our company's strategic framework, emphasizing balanced and inclusive growth. We have set ambitious goals to guide our efforts: achieving climate neutrality, improving resource efficiency, and increasing our positive impact on society.

Our strategy is centered around three key focus areas essential for sustainable business development: Environment, Products & Services, and People & Society. These pillars help us define clear milestones and measure our progress along the way.

## 6 What does sustainability mean at MRS?

MRS Electronics' sustainability engagement can be highlighted through its detailed sustainability principles. These have been defined under environmental, social and governance principles.

As mentioned before, we are following SDGs as our framework and the connection between each principle and our goals can be understood through the document.

### 6.1 Environmental Aspects

Considering climate change, MRS Electronic aims at achieving carbon neutrality by 2050 in accordance with the deadline set by the Paris Agreement. Our company's principles apply to its own operations and its broader business network, which includes stakeholders, partners, and employees. A more detailed short- and mid-term action plan for these principles is expected to be shared next year.

#### Climate Risks and Climate Management

To prevent the worst effects of climate change and ensure a habitable planet, scientific research indicates that global temperature rise must be limited to 1.5°C above pre-industrial levels, which is the goal set by the Paris Agreement. Currently, we are at a 1.1°C increase compared to the late 1800s, and while emissions continue to rise, they must be reduced by 45% by 2030 and reach net zero by 2050.

Our path to achieving our net-zero goal by 2050 is supported by our strategic sustainability targets, based on the climate-related risks and opportunities identified.

# MRS ELECTRONIC GMBH & CO. KG

## SUSTAINABILITY REPORT



### Carbon Emissions

We have started calculating our carbon emissions since 2022 and we are working on strategies to reduce them.

Carbon Emission (Scope 1 and 2) for 2022 and 2023:

2022					
Scope 1			Scope 2		
Category	Amount (Liters)	CO <sub>2</sub> e (Tonnes)	Category	Amount (kWh)	CO <sub>2</sub> e (Tonnes)
Diesel	4381.16	14.98	Electricity	744597.00	272.52
Petrol	8861.57	28.12			
			<b>Total (Tonnes)</b>	395.63	
Category	Amount (kWh)	CO <sub>2</sub> e (Tonnes)	Turnover (m€)	39.00	
Gas	338764.00	80.00	<b>Total (CO<sub>2</sub>e Tonnes/m€)</b>	10.14	

2023					
Scope 1			Scope 2		
Category	Amount (Liters)	CO <sub>2</sub> e (Tonnes)	Category	Amount (kWh)	CO <sub>2</sub> e (Tonnes)
Diesel	5763.08	17.88	Electricity	728768.00	317.01
Petrol	17537.22	50.49			
			<b>Total (Tonnes)</b>	432.71	
Category	Amount (kWh)	CO <sub>2</sub> e (Tonnes)	Turnover (m€)	37.90	
Gas	235415.00	47.32	<b>Total (CO<sub>2</sub>e Tonnes/m€)</b>	11.42	

# MRS ELECTRONIC GMBH & CO. KG

## SUSTAINABILITY REPORT



### Key Actions and Measurable Goals:

SDG	Title	Company Actions	Measurable Goal
7	Affordable and Clean Energy	Designing energy efficient vehicle electronics	Shift 30% of our energy consumption on solar energy by 2025
		Optimizing electronics for lower power consumption	
		EV charging solutions	
		Shifted 10% of our energy consumption on solar energy	
13	Climate Action	Calculating carbon emissions	Reduce total CO <sub>2</sub> e emissions (CO <sub>2</sub> e Tonnes/m€) by 30% until 2030 (in relation to 2023)
		Recycling of paper and industry wastes	
		Reduced the printing of physical flyers by transitioning to digital flyers for events	
		Scope 1: 1. Liquid fuels Optimizing routes (when possible) Transitioning to electric/hybrid vehicles Jobrad: MRS offers employees the opportunity to lease an e-bike/bicycle 2. Gaseous fuels Modernizing heating systems (insulation, sealing, and installation of smart thermostats)	
Scope 2: Energy Consumption - Transitioning to solar energy (own photovoltaic system)			



### **How can MRS improve the carbon emissions**

To ensure the timely delivery of our decarbonisation strategy, we have defined some principles of sustainability targets for Scope 1, 2 and 3 emissions. As we are committed to reducing energy consumption, air pollution and, CO2 emissions in our manufacturing processes and to minimising the use of fossil fuels.

#### **Reduce carbon dioxide emissions**

We have a medium to long-term goal to reduce our greenhouse gas emissions. To achieve this goal, we are committed to measuring our carbon footprint (Scope 1 & 2) from the beginning of 2022 and developing a strategy from which we will derive measures to reduce emissions. Further details on this plan will be unveiled following the measurement of our product footprint. To assist this effort, we will work with our partners to implement this principle.

#### **Efficient energy consumption**

MRS Electronic is committed to reducing its energy consumption from non-renewable sources and increasing its use of renewable sources. Our responsible consumption also includes energy efficiency measures and consumption optimisations in its infrastructure and daily office operations.

#### **Be proactive in reducing the physical impacts of climate change**

MRS Electronic is committed to robust and frequent dialogue with its stakeholders, partners, and employees. We will focus on the physical impacts of the industry and decision-making procedures to reduce its impact and address mitigation options. We are committed to raising awareness amongst its employees and partners surrounding risks originating from climate change as well existing and future opportunities for action and impact.

# MRS ELECTRONIC GMBH & CO. KG

## SUSTAINABILITY REPORT



### 6.2 Social Aspects

#### Key Actions and Measurable Impacts:

SDG	Title	Company Actions	Measurable Goal
1	No Poverty	Fair wages and benefits	1. Work accidents: 0 per year 2. Maintain a balanced gender ratio by 45% or more. 3. Number of whistleblower reports: 0 per year 4. Reduced the gender pay gap by 0%.
		Providing stable employment	
2	Zero Hunger	Investing in local suppliers and small businesses	
3	Good Health and Well-being	Workplace safety standards	
		Annual influenza vaccination	
		Flexible working hours	
		Paid leaves	
		Supporting health and wellness activities	
4	Quality Education	Vocational skill development	
		Soft skill training	
		Educational growth opportunities like linked-in learning	
5	Gender Equality	Maintaining a balanced gender gap	
		Implemented the policy for equal pay for equal work	
8	Decent Work & Economic Growth	Online learning platforms	
		Career growth courses	
10	Reduced Inequalities	Paid parental leave policy	
		Establishing zero tolerance policy for discrimination	
		Whistleblower protection	
		Ensuring fair labor practices and human rights as ensured by our code of conduct	
		Encouraging responsible sourcing in supply chain	

MRS is dedicated to ensuring the well-being of its employees at work. The following social principles are based on internationally recognized standards like the UN Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights (known as the "Reggie Principles"). Furthermore, the Code of Conduct reinforces these commitments and ensures that all employees are trained in the necessary ethical practices followed by the company. We require all our suppliers to affirm their compliance with our Code of Conduct and to uphold its obligations throughout their supply chain.

### **Prohibition of child labour**

We do not tolerate any child labour. We do not employ any employees who cannot prove that they are at least 15 years old, and we require proof of age to be submitted. For countries which fall within the exception for developing countries according to ILO Convention No. 138, the minimum age can be reduced to 14 years. We do not hire employees for dangerous work who, according to ILO Convention No. 182, cannot prove that they are at least 18 years old.

### **Prohibition of forced labour**

Forced labor, modern slavery or comparable acts that involve the deprivation of liberty are forbidden. All work must be voluntary, and it must be possible to end the employment relationship. Moreover, we neither create nor use products which are made through forced labor.

### **Prohibition of human trafficking**

We condemn human trafficking in all its shapes and forms. Moreover, we support efforts regarding prevention of trafficking in human beings and protecting its victims.

### **Freedom of association and collective bargaining**

We respect the right of employees to freedom of association and to engage in collective bargaining and pay negotiations, providing this is legally permissible and possible in the relevant country in which we are operating. If this is not permissible, we look for appropriate compromises for our employees.

### **Promotion of diversity, equal opportunities**

We encourage equal opportunities and do not tolerate discrimination. We treat all people equally regardless of gender, age, skin color, ethnic origin, sexual identity and orientation, disability, religious affiliation, worldview, race, nationality or other personal attributes.

### 6.3 Governance Aspects

#### Key Actions and Measurable Impacts:

SDG	Title	Company Actions	Measurable Goal
16	Peace, Justice, and Strong Institutions	Promoting transparency by implementing anti-corruption policies	Code of Conduct (CoC) will be signed by 100% of our suppliers of components by the end of 2025
		Ensuring fair labor practices and human rights as ensured by our Code of Conduct	
		Workplace safety standards	
		Encouraging responsible sourcing in supply chain	
		Whistleblower protection	
		Compliance with national and international laws and regulations	
		Personal data protection	

MRS aims to make its decisions and actions in an ethical way, ensuring that its employees and partners follow these ethical standards. We are committed to sustainable corporate governance and will keep improving it in all its activities. We strongly believe that our long-term success depends on our ability to do business in a manner that is socially responsible, ethical, and compliant with the laws of each country of operation. To this end, our actions are guided by specific policies on various compliance and ethics issues, such as conflicts of interest, corruption, and labor rights. These policies are summarized in our Code of Conduct, reflecting among other things our commitment to adopting fair employment practices, ensuring safety in the workplace, supporting and fostering environmental awareness, and respecting the communities in which we operate, as per applicable legislation. The policies also reflect our commitment to creating long-term sustainable value for all our stakeholders, which we are firmly convinced is only attainable by ensuring full respect for fundamental human and labor rights.

### **Code of Conduct (CoC) and Policies**

MRS Electronics' Code of Conduct is one of the pillars of our Corporate Governance system, which regulates decision-making processes and the approach used by the company, its employees and suppliers. The Code of Conduct summarizes the values we recognize, adhere to, and promote, in the belief that integrity and fairness are important drivers of long-term value creation and social and economic development. It is an integral part of our internal control systems. Among other things, the Code of Conduct addresses the ethical aspects of economic, social, and environmental issues.

It is a matter of course for us that we will comply with current laws and other legal requirements in the countries in which we operate. In cases where local laws and regulations are less restrictive, our actions are guided by the principles of the Code of Conduct. Where there is a direct conflict between mandatory local law and the principles contained in the Code of Conduct, the local laws shall take precedence. Nevertheless, we endeavor to comply with the content of the Code of Conduct.

### **Corruption**

We do not tolerate corruption, bribery or blackmail; they impede fair competitive conditions. Gifts made with the intention of influencing business decisions, or which could give the appearance of doing so or to obtain some other undue advantages are neither promised, offered, granted, requested nor accepted in our business relationships. Nor do we allow these to be promised to us. Especially strict standards must be applied when dealing with people for whom rules apply under criminal and liability law (e.g. public officials).

### **Fair competition**

We operate in compliance with national and international competition and anti-trust legislation and do not participate in price agreements, sharing markets or collusion in respect of customers, markets and bids.

### **Prevention of money laundering**

Money laundering is the term used for bringing money obtained illegally or from illegally acquired assets into the legal financial and economic system. We comply with our legal obligations to prevent money laundering and do not participate in transactions that serve to disguise or integrate criminal or illegally acquired assets.

### **Export controls**

We undertake to comply with legal standards relevant to export controls – including but not limited to approval requirements, export bans and support bans – in the course of shipping and exporting our goods.

### **Protection of information and intellectual property**

We protect confidential information and respect intellectual property; transfers of technology and know-how must be made in a way that protects intellectual property rights, customer information, business secrets and information that is not in the public domain. We observe the current laws to protect business secrets and treat our business partners' confidential information accordingly.

### Data protection

We process, store and protect personal data in compliance with the German GDPR (General Data Protection Regulation). Personal data is therefore treated confidentially and only collected for legal, previously defined purposes in a transparent manner. We only process personal data if it is protected against loss, modification and unauthorised use or disclosure using appropriate technical and organisational measures.

### Whistleblowing-Policy

MRS Electronic is committed to the highest possible standards of openness, probity and accountability. In line with that commitment MRS expects staff, and others that we deal with, who have serious concerns about any aspect of the MRS work to come forward and voice those concerns. It is recognized that most cases will need to proceed on a confidential basis.

### Avoidance of conflicts of interest

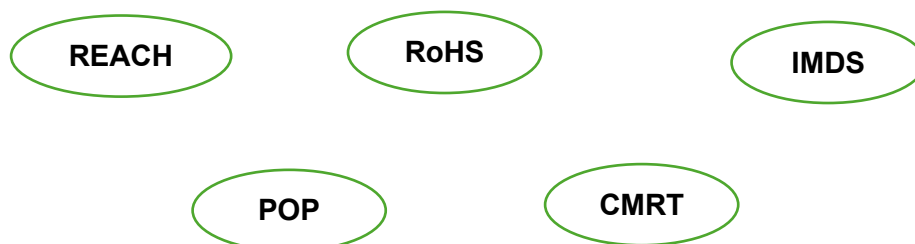
We avoid internal and external conflicts of interest which could illegitimately influence business relationships. Where this is not successful, we disclose these conflicts.

## 7 Supply chain management and sustainability

### Material Compliance

We are actively engaged in meeting various environmental compliance standards, ensuring that our products adhere to regulatory requirements and industry best practices. This involves maintaining material compliance across our supply chain. By prioritizing transparency, we make essential environmental information accessible and visible throughout our supply chain, supporting informed decision-making at every level.

Our commitment to compliance includes EU regulations as:



## 8 Appendices

### Acronyms

**CMRT** Conflict Minerals Reporting Template

**ESG** Environment, Social, Governance

**EU** European Union

**ILO** International Labour Organization

**IMDS** International Material Data System

**POP** Persistent Organic Pollutants

**REACH** Registration, Evaluation, Authorisation and Restriction of Chemicals

**RoHS** Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment

**SDGs** Sustainable Development Goals

**UN** United Nations

### Definitions

#### INTERNAL STAKEHOLDERS

The internal stakeholders of our company are the employees, managing directors, and board of directors.

#### EXTERNAL STAKEHOLDERS

The external stakeholders of our company include clients/customers, investors and shareholders, suppliers/vendors, government agencies, international organizations and the wider community.

#### SCOPES 1, 2, 3

**Greenhouse gas (GHG) emissions are classified under 3 scopes:**

- **Scope 1**

Direct emissions from owned or controlled sources.

- **Scope 2**

Indirect emissions from the generation of purchased energy.

- **Scope 3**

Other indirect emissions (not included in scope 2) that occur in the value chain, including both upstream and downstream emissions.