

reporting

Sustainability Report

Softing at a glance Letter from the CEO				Conflicts of interest Fighting corruption and anti-competitive behavior	Insider rules, data protection and information security have the highest priority at Softing	Social commitment Employee protection and compliance Performance reviews Attracting and fostering young talent Continued training and personnel development Diversity and equal opportunity Safety at work Supplementary benefits and fair remuneration Philosophy and corporate culture	Achievements to date and potential for optimization Results Environmental measures Practical implementation Environmental management Our goals and commitments	Handtmann light metal casting company Geothermal project in Nicaragua Littleton/Englewood Wastewater Treatment Plant	Environmental protection Human rights Code of Conduct
--	--	--	--	--	--	--	---	--	---

Letter from the CEO



DEAR SHAREHOLDERS, EMPLOYEES, PARTNERS AND FRIENDS OF SOFTING,

We are delighted to share our first Sustainability Report with you. This report is the result and evidence of our commitment to meeting both legal requirements and our own standards for environmentally and socially sustainable management.

At Softing, we firmly believe that it is possible to act in a way that is both environmentally and economically responsible. As a modern IT company, analyzing problems and responding to them effectively with intelligent solutions is part and parcel of our business. We are confident about the enormous potential that technological innovation holds, not just in our day-to-day work but also to tackle the global challenges we currently face. The continuing progress of digital transformation entails particularly significant opportunities for improvement when it comes to enhancing efficiency, saving resources and reducing emissions.

This Sustainability Report provides a comprehensive insight into the various steps we have taken to achieve our environmental, ethical and social goals. It aims to set out these goals in a tangible way, outline our sustainability strategy across our different departments, and provide information on the status and success of our efforts.

The report is divided into the following topic areas: corporate governance, employees, environmental protection, products and business partners.

› [Softing at a glance](#)

Letter from the CEO



Corporate governance: First and foremost, our sustainability initiatives start with those of us within the company itself. We can only achieve lasting success if the people at Softing can refer to and steadfastly rely on a foundation of shared values and standards. Our Code of Conduct provides all of our employees with clear guidance for constructive collaboration and helps them to make relevant decisions in accordance with our legal, economic, social and environmental responsibilities. At Softing, responsible corporate governance means being aware of our obligation not only to our employees, business partners and shareholders but to future generations. This obligation informs the way we act.

Employees: We consider our employees and their spirit of innovation to be our most important resource. With this in mind, we are taking various steps to recruit and develop highly qualified employees and integrate them into Softing for the long term. We work proactively to continue enhancing our positive working environment and are proud to have a corporate culture characterized by fairness, cooperation and openness. As a global company, we attach great value to diversity and equal opportunities. We provide a wide range of training opportunities to help our staff realize their professional ambitions and continue developing themselves both personally and professionally. Our human resources strategy also places a significant focus on recruiting, developing and retaining talented young professionals.

Environmental protection: To improve our environmental performance, we set up both an environmental management system and an energy management system. We have implemented measures across all of our sites that are already having a positive impact on energy consumption and emissions. The aim of our staff training sessions and other in-house initiatives is to make sustainable thinking and actions an integral part of our corporate culture.

Products: Today, many of our products are already helping to make industrial processes around the world smarter, safer and more efficient, which means they are playing their part in protecting our environment and climate day in, day out. To demonstrate how we do this, we present three examples from Germany, the USA and Nicaragua.

Business partners: A globally interconnected company like Softing can only act responsibly towards society and the environment if our international partners incorporate these responsible activities into their own sustainability strategies. That is why we contractually insist on compliance with our Code of Conduct, which is founded on the key pillars of legal compliance, strict respect for human rights and observance of environmental standards.

Softing at a glance



The Softing Group is an established international software and systems house in three segments: Industrial, Automotive and IT Networks. The company develops complex, high-quality software, hardware and complete system solutions. Hardware prototypes are developed by Softing itself; production takes place externally.

Through its Industrial segment, Softing is a leading provider worldwide of industrial communications solutions and products for the manufacturing and process industry. The products are tailored to the requirements of system and device manufacturers, machinery and plant engineers as well as end users, and they are known for being extremely user-friendly and offering functional advantages. Softing Industrial focuses on components and tools for fieldbus systems and industrial control systems, as well as on solutions for process automation and control.

Diagnostics, measurement and testing, the core topics covered by Softing's Automotive segment, represent key technologies in automotive electronics as well as such closely related areas in electronics as the commercial vehicle or agricultural machinery industry. The segment's range of products and services encompasses hardware and software, customized solutions as well as on-site consulting and engineering. Softing specializes in the entire life cycle of electronic control units and systems — from development to production all the way to services. Development work in Automotive is focused on standardization.

The IT Networks segment is dedicated to testing, qualifying and certifying cabling in IT systems based on worldwide technological standards. Customers use IT Networks' measuring devices for copper and fiber optic networks to optimize their daily work processes and create security in data exchange.

Responsible corporate governance



We firmly believe that sustainable action enhances our financial performance in the long term and that such an approach is also in the interests of our stakeholders. Softing follows an integrated approach in order to reconcile economic, environmental and social interests.

Management is responsible for defining the goals and implementing the actions. All employees are involved in the process of goal setting and implementation. This ensures that sustainability is integrated into all business units and is – and remains – an essential part of Softing’s corporate strategy.

To improve our environmental performance, we set up both an environmental management system and an energy management system. As a matter of principle, Softing always keeps an eye on improving its energy balance. Softing’s systems are continuously optimized for more energy efficiency, including the required processes and their interaction. The processes, which are transparent and binding for all employees, govern the procedures in the company. In addition to observing statutory regulations and official requirements relating to environmental protection and energy management, we are also actively developing both of these areas in the long term. Our goal is to reduce environmental impact or, at best, avoid it altogether. We have not set any quantitative or qualitative targets in that context. Savings are achieved through working practices. For Softing, compliance means adherence to all legal obligations, regulations and rules applicable to the company, and exhibiting professional expertise and personal responsibility in dealing with external and internal rules and the requirements of shareholders and contractual partners. Compliance with the information security regulations and the data protection requirements is a matter of course for us.

Responsible corporate governance



Softing AG is the parent company of the Softing Group, which has legally independent companies or branches in Germany, Italy, Austria, Romania, France, Liechtenstein, Singapore, China and the USA. As a stock corporation under German law, Softing AG has a dual management structure consisting of an Executive Board and a Supervisory Board. These two boards are responsible for managing the company and act as its legal representatives. The Executive Board's key tasks are to ensure compliance with legislation and internal guidelines as well as ethical principles (compliance).

The Supervisory Board consists of three members. It monitors and advises the Executive Board and appoints Executive Board members. The shareholder representatives are elected at the General Shareholders' Meeting.

The Executive Board meets regularly and can also convene on an ad-hoc basis, while the Supervisory Board meets at least four times per year and as required. The Executive Board and Supervisory Board maintain an in-depth and ongoing dialog. The Executive Board keeps the Supervisory Board regularly, promptly and comprehensively informed about the strategy, course of business, position of the Group (including the risk situation and risk management as well as compliance), business planning and corporate focus. It also provides the Supervisory Board with information about the Group's investment, financial and revenue planning for the coming financial year. The Executive Board immediately notifies the Chairman of the Supervisory Board about any events that are material for assessing the company's position, development and management. Any transactions and measures requiring the approval of the Supervisory Board are submitted to it in a timely manner.

Although the company fundamentally follows the recommendations of the German Corporate Governance Code Commission, some of the recommendations are not applied. These deviations are listed and explained in the company's Declaration of Compliance on the [softing.com](https://www.softing.com) website.

Risk management



Dealing proactively with potential risks to the company is very important to us and forms part of our process description for corporate social responsibility. Our risk management system is designed to recognize risks at the earliest possible opportunity and either avoid them or at least keep them to a minimum.

The Executive Board, corporate management and Group controlling work closely together to identify business risks and develop countermeasures. We assess the level, probability of occurrence and significance of all risks that could impact the performance of our business in regular and ad-hoc risk surveys – including those connected with financial risks, project risks, pricing trends, IT security, staff turnover, environmental risks and technological developments.

Fair business practices



| FIGHTING CORRUPTION AND ANTI-COMPETITIVE BEHAVIOR

Softing operates around the world and is therefore subject to a variety of legislation. For example, competition-related agreements between competitors must be evaluated on the basis of the laws of the country affected by the agreements as well as those of the country in which the agreements are made. Under certain circumstances, if Softing is competing with companies from another country in one of the world's markets, Softing itself may be subject to the laws of that country. According to the rules of free and fair competition, we follow only recognized and honest business practices in accordance with all applicable provisions of antitrust and competition law in particular.

Softing is committed to the strict avoidance of corruption and bribery and to fair competition. We firmly believe that sustainable business success can only be achieved based on legally compliant and responsible action. Bribery and corruption prevent healthy markets and impair the sustainable development of the economy and society.

› [Conflicts of interest](#)

Fair business practices



No employee may directly or indirectly solicit, accept, offer or confer personal benefits in connection with their professional activities, particularly in the context of initiating, granting or fulfilling a contract, regardless of whether this is with a private individual, a company or a public institution.

We ensure compliance with anti-corruption conventions and relevant anti-corruption laws, and avoid any form of corruption and circumventing the law. Furthermore, no direct or indirect benefits or advantages may be offered, promised or granted if this could be considered to have an improper influence on business decisions, regardless of whether this breaches any applicable laws.

| CONFLICTS OF INTEREST

We take great care to avoid conflicts of interest. All employees must separate their private interests from those of the company. Hiring decisions must also not be influenced by private interests or relationships. Potential conflicts of interest must be disclosed immediately, and if any irregularities arise, the respective supervisors inform the management right away. Business decisions are made exclusively on the basis of objective criteria and free of inappropriate considerations or personal interests.

Handling information



INSIDER RULES, DATA PROTECTION AND INFORMATION SECURITY HAVE THE HIGHEST PRIORITY AT SOFTING

Inside knowledge must not be used for personal gain. No employee may use internal knowledge about the activities of a company in the Softing Group – such as the planned sale of parts of a company, the acquisition of external companies, the establishment of joint ventures or other issues relevant to the share price (known as inside information) – for personal gain either directly or through a third party. Employees may not pass on any such knowledge to people not involved directly in the respective project or to third parties.

All employees and business partners must be granted the right to informational self-determination. All employees are obligated to comply with all data protection provisions and regulations. Taking into account all applicable copyright and data protection regulations, intellectual property must be respected and all confidential and sensitive information and data must be protected against improper use and unauthorized disclosure, with personal data processed in strict compliance with applicable data protection requirements.

Handling information



The aim of information security is to preserve the:

- confidentiality (only accessible by authorized users),
- integrity (protecting accuracy and completeness), and
- availability (accessible to authorized users for their use upon request)

of information.

For Softing this means ensuring the confidentiality of data made available as part of customer projects and observing statutory provisions such as data protection laws. It is also vitally important to ensure that our own development results are specifically protected against unauthorized access. Among other things, customer trust in Softing is based on the fact that we incorporate quality and safety considerations into our internal processes in addition to providing high-quality products and services. Due to the intensive use of IT systems, Softing’s business activities depend to a large extent on the functionality and availability of these systems. As a result, our information security management systems must counteract the steady increase in potential external and internal attacks. The resulting risks are managed and minimized by the Softing’s Group standards in the form of an information security policy that must be observed accordingly by all Softing employees irrespective of seniority.

People at Softing



| PHILOSOPHY AND CORPORATE CULTURE

Our employees are our most important asset; they are the heart and soul of our company and vital to our continued success. We firmly believe that the motivation, technical expertise and innovative prowess of the people working for Softing are the drivers of our business performance. To retain experienced employees over the long term while at the same time attracting new young talent, we employ a mix of strategies that have already proved successful in positioning Softing as an attractive international employer.

In addition to offering our employees a secure and attractive workplace, we want to offer our employees the opportunity to realize their professional ambitions and visions. This is supported by a corporate culture that actively promotes a trust-based and inspirational working environment. This means transparent structures, efficient communication strategies and room for innovative ideas as well as fair and respectful personal relationships and an open and constructive feedback culture. This approach has been adopted by all of our subsidiaries in Europe, North America and Asia.

Our low employee turnover rate confirms that we are on the right track. This positive indicator motivates us to continue along our chosen path and to keep encouraging a working atmosphere that values individual and collective employee satisfaction. Softing is ready to take on the many challenges that the changing world of work poses for an attractive employer.

- › [Supplementary benefits and fair remuneration](#)
- › [Safety at work](#)
- › [Diversity and equal opportunity](#)
- › [Continued training and personnel development](#)

- › [Attracting and fostering young talent](#)
- › [Performance reviews](#)
- › [Employee protection and compliance](#)
- › [Social commitment](#)

People at Softing

The many activities and regular celebrations shared by our employees are a positive indicator of the good working atmosphere within the company. Team building is undertaken mainly by the departments themselves or by individual employees, through a wide variety of activities such as mountain climbing, raft trips, barbecues and regular Bavarian breakfasts. Our employees have demonstrated remarkable team spirit by entering a marathon relay team in the Generali Munich Marathon every year since 2019.



People at Softing



People at Softing



| SUPPLEMENTARY BENEFITS AND FAIR REMUNERATION

As an employer, we are responsible for creating a productive and safe environment for our staff. In addition to maintaining the highest levels of occupational safety, we implement measures to help employees avoid unnecessary stress or at least minimize unavoidable stress. The importance of the working environment itself cannot be underestimated, which is why our employees enjoy a lot of freedom in this area. We know how physically and mentally demanding it can be to meet the exacting standards that we have set for ourselves. We therefore design our workspaces in accordance with the latest thinking and standards in order to create optimal working conditions for our workforce. To maintain the health and working performance of our employees, we also offer preventive health care services such as health days, which focus alternatively on issues such as nutrition, spinal screening, exercise, progressive muscle relaxation and health testing.

Just as important as the physical workplace is an atmosphere of openness and sharing that encourages concentrated, goal-driven work as well as creative personal responsibility.

The COVID pandemic was a very stressful time for many of our employees. The problem of work/life balance became even more pressing when schools and day care centers were closed. Softing went beyond what was required by law in supporting its employees through this difficult time. We provided all the equipment needed to enable staff to work from home, offered more flexible working hours and took all possible steps to prevent the spread of infection.

People at Softing



It became increasingly clear during the crisis that flexibility in the choice of workplace and working hours was becoming more critical. In many cases, working from home proved to be a viable solution, which is why we continue to offer this option on a voluntary basis. This has greatly improved the personal or family situation of many of our employees.

The younger generation in particular is in favor of more flexible working time models and smart digital solutions that reduce the need to be in the office all the time. Although we value the traditional way of working with face-to-face contact and meetings, where it makes sense, we support these flexible models by allowing employees to work from home several days each month.

Work/life balance is certainly a topic that will become even more important in the future. For many, it is a decisive factor in whether or not to accept a job. As a company with a keen sense of responsibility to its employees and their families and as an employer who has to compete for well-

qualified personnel, Softing will continue to help its workforce maintain a good work/life balance in the future. Our policy of treating natural resources responsibly and with respect applies first and foremost to our most valuable resource, our employees and their families.

Fair, competitive pay in combination with a high degree of job security provide the safety required by our employees and their families. For many years, Softing has almost exclusively offered permanent employment contracts. The only exceptions to this are temporary hires to cover maternity leave, for example.

Managers and employees in key positions are usually paid a variable salary component that rewards special commitment in addition to their basic salary. The variable component is based on the company’s performance, key performance indicators and the employee’s contribution to achieving agreed targets.

People at Softing

| LEADING GERMAN BANK'S ASSESSMENT OF SOFTING IN RELATION TO SOCIAL MATTERS

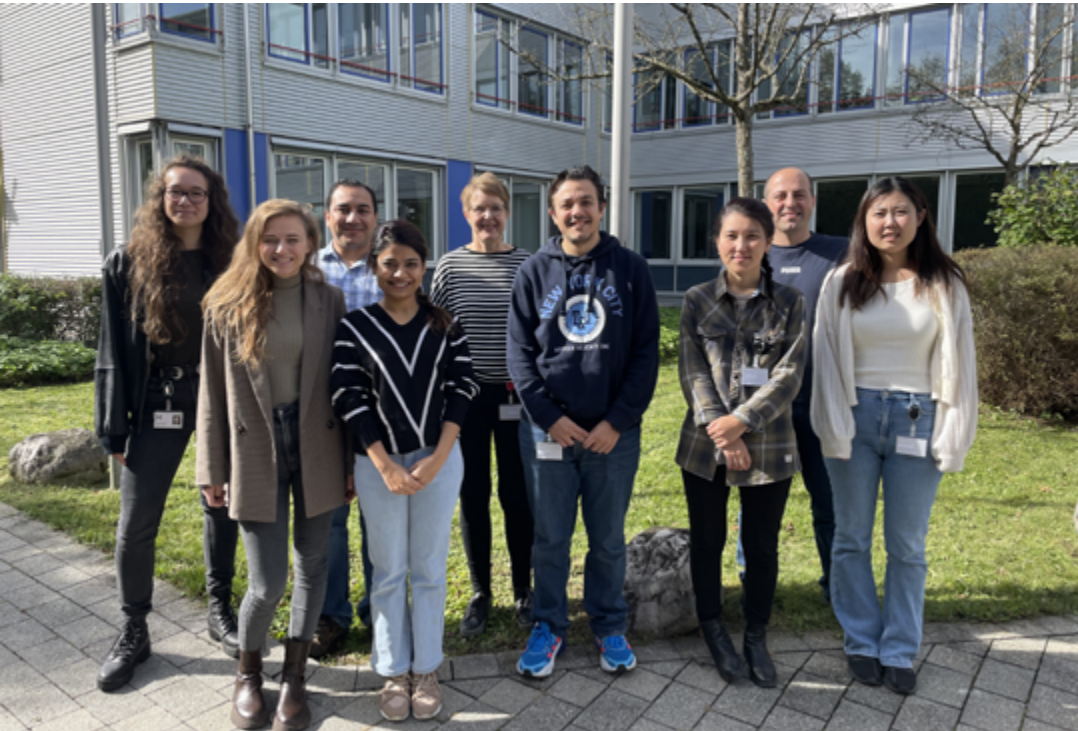
QUESTIONS	RESULTS	COMMENTS
Does the company have policies on employment rights and conditions?	Yes, and these policies guarantee the right to freedom of association, collective bargaining and non-discrimination and set out minimum working conditions (such as wages, working hours, safe workplace, etc.).	
Does the company have grievance procedures to address employees' concerns about non-compliance with its policies on employment rights and conditions?	Yes, there is an effective employee grievance procedure in place that meets all applicable requirements and • is available to all employees. • Employees are informed of its existence when they start work and subsequently at regular intervals. • It allows confidential complaints to be raised and dealt with.	• Softing AG is committed to a culture of open communication. Any employee experiencing problems can contact their line manager or the HR department. • We have also set up a (digital) mailbox where employees can post their complaints anonymously.
Are women proportionally represented at management level?*	The ratio of women in management positions to women in the workforce is ≥ 0.75 .	• Due to Softing AG's business model, the share of women in the total workforce is low. In recent years, however, Softing has been able to appoint more women to management positions.
Does the company have a program for reducing the incidence of injuries and occupational illnesses?	Yes, the company makes extensive efforts in relation to safety and emergency planning, e.g., by preparing and enforcing internal policies and guidelines, setting targets, investing in training, collecting data and carrying out audits (at least 3 elements in place).	• Softing AG has appointed an external safety officer to conduct regular audits in this area. • The company also organizes annual training courses for all employees on accident prevention and safety awareness, at which the importance and use of first aid kits are explained. • Some employees have also been trained as first aiders. • In addition to offering the services of a company doctor, Softing provides free "healthy back" courses in partnership with health insurance providers.
Does the company carry out risk assessments of the employment rights and working conditions of its suppliers and subcontractors?	Yes, and information is available on the factors taken into consideration, such as the supplier's industry, their size and geographic location, and the type of work they do.	• Softing AG's suppliers are spread all over the world and most of them have been working with it for decades. • Softing staff usually tours their factories and conducts on-site inspections of their working conditions. In the last two years, the company had to suspend many of these visits due to the pandemic. • Softing requires suppliers to comply with its Code of Conduct and to complete its supplier questionnaire.

People at Softing

The safety of our employees at work is very important to us. We therefore insist that our occupational safety measures are strictly adhered to. We organize safety training, for example, carry out regular measurements and technical inspections to ensure compliance with all guidelines, and make sure that all protective equipment is up to date. As a result, the accident rate at Softing has been at a gratifyingly low level for many years.

ISSUE: LABOR STANDARDS AND WORKING CONDITIONS		RESULTS	COMMENTS
What is the trend for the company's accident rate over the last three years?		The company's occupational accident rate has decreased over the past three years.	- As confirmed by the external safety officer, the accident rate within the Softing AG's group of companies is extremely low. - The company took out group accident insurance some time ago.
Does the company make sure that workers are protected from exposure to hazardous substances?		Yes, Softing has policies in place to protect workers from exposure to hazardous substances, including at least three of the following: engineering controls*, awareness-raising of hazards and their risks to health, the provision of personal protective equipment (PPE), regular medical examinations, training in safe handling and storage, training for emergencies, measurement of on-site concentration levels.	Softing AG attaches great importance to protecting its employees from hazardous substances. It therefore carries out regular technical checks (sensor simulation) and training, and provide protective equipment.

People at Softing



| DIVERSITY AND EQUAL OPPORTUNITY

We are an international group of companies with employees in approximately 40 different countries and four continents. We rely on our employees to contribute their widely varied experiences, skills and perspectives. Their individual expertise helps us successfully exploit market opportunities. Safeguarding equal opportunities, diversity and fairness are therefore cornerstones of our HR policy. We take care to ensure salaries are not unfair, for example in terms of gender or age.

Our culture of equal opportunity also requires a fair, performance-based remuneration system that ignores factors such as gender, culture, nationality or age. Values such as openness and tolerance are part of our self-image as a modern, globally active company. We are therefore adamantly opposed to any form of discrimination and unequal treatment. Our employees embrace these values every day in a spirit of mutual appreciation, which we greatly value.

| CONTINUED TRAINING AND PERSONNEL DEVELOPMENT

We offer our employees numerous opportunities for continued professional development. Our further training program enables our staff to quickly adapt to changing conditions in the market and maintains the company's internal expertise at the highest level. The program teaches specific competencies and skills that benefit our staff both professionally and personally. Acquiring additional skills through professional development and training within the company

People at Softing



offers a compelling solution to opening up new and challenging fields of activity. Giving ambitious employees the opportunity to develop their talents is not only a way of expressing our appreciation for their performance; it also makes good business sense.

Some of our most experienced employees have been with the company for over 30 years. The other members of their team benefit greatly from their knowledge and experience.

| ATTRACTING AND FOSTERING YOUNG TALENT

For every company, the recruitment of qualified junior staff is of greater importance today than ever before. Softing has partnered with various German universities to offer support programs for students, including for the best students in each class. These programs are usually managed independently by the departments involved.

We also have an internship program, which allows young people to gain insight into an industry of the future during or after completing their studies. These initial contacts with the working world often leave a lasting impression.

All of our technical departments at Softing encourage working students to participate in a wide variety of projects and, in consultation with the universities, offer topics and workplaces for bachelor's and master's theses. A significant double-digit number of students take up this offer each year. The combination of academic study and practical application has proven to be very productive. For several of our employees, this was their route into Softing.

People at Softing



| PERFORMANCE REVIEWS

One-on-one conversations are an important tool for ensuring open and effective communication between managers and employees. Performance reviews are held with all members of staff at least once a year to discuss individual developments. Depending on the employee's area of responsibility, target agreements are also set for the current year, with the further development of the respective area of responsibility being an essential component in of this dialogue in addition to revenue targets. Achievement of these targets is assessed by the managing directors as part of the annual performance review.

| EMPLOYEE PROTECTION AND COMPLIANCE

Softing operates around the world and is therefore subject to a variety of legislation frameworks. We respect the law and demand the same from all of its employees and business partners.

Softing will provide its employees all of the information and legal advice that they need to prevent violations of the law. We will also protect our employees against unjustified actions by the authorities. Legal violations will not be tolerated, however.

| SOCIAL COMMITMENT

Softing is a global company with headquarters in Haar near Munich, Germany. Every single day, we experience an increasingly complex world. Although a company of our size will focus its contributions primarily on its regional environment, we take our global responsibility seriously as well. As a sustainable and healthy company, we have the financial freedom to share our success with the community in which we do business. And we take advantage of it.

Every year, we support the Rotarians and the Christopherus School in Munich, help people in need such as tsunami or flood victims, participate in social projects such as a well construction in India, or finance looms.

Commitment to environmental protection



Humanity faces immense ecological problems in the 21st century. Excessive consumption of natural resources is stretching the resilience of our natural environment to breaking point. Nature is having to deal with vast quantities of harmful waste across the entire planet, from the depth of the oceans to the highest atmosphere. The dramatic decline in global biodiversity raises concerns about the collapse of entire ecosystems. What's more, the growing threat of climate change is likely to have a noticeable impact on nature, society and the economy in the coming decades.

These pressing challenges affect the whole of society. This is precisely why all stakeholders in politics, business and civil society need to act. At Softing, we recognize our responsibility as an internationally active company. In a world with limited natural resources, sustainable business practices make sense for ethical as much as for business reasons.

We believe that business success and sustainable management are not mutually exclusive. Based on our experience in recent years, in which we have succeeded in visibly improving our resource efficiency, we know that implementing ecologically sound measures is an investment in the future viability of our company. The cost savings in energy consumption are just one example of this.

- › [Our goals and commitments](#)
- › [Environmental management](#)
- › [Practical implementation](#)

- › [Environmental measures](#)
- › [Results](#)
- › [Achievements to date and potential for optimization](#)

Commitment to environmental protection



Our program for making our business operations sustainable can be divided into three key areas:

- Energy and resource management at our sites ([page 28 ff](#))
- Our products, the use of which brings about efficiency improvements, reduced pollutant emissions and increased environmental safety for our customers ([page 31 ff](#))
- The commitments to maintaining social and environmental standards that we require from our suppliers ([page 34 ff](#))

| ENVIRONMENTAL PROTECTION – OUR GOALS AND COMMITMENTS

As a software and service company, Softing consumes relatively few natural resources compared to the manufacturing industries. We have nevertheless set ourselves the goal of using resources as efficiently as possible while keeping consumption low.

To deliver our aims, we have set out some ambitious environmental guidelines. While responsibility for defining and implementing these objectives lies with the management, all employees are involved in the process of goal setting and implementation. By doing so, we ensure that the culture of sustainable action is fostered throughout our business units, thereby heightening the environmental awareness of all Softing employees.

Our commitments are based on demanding standards. The key components of these commitments are:

- Improving the environmental performance of all our business areas – in the products and services we provide as well as at our offices and premises
- Encouraging the environmentally responsible behavior of our staff
- Achieving a clear reduction in energy and resource consumption and thus in emissions and waste
- Including environmental compatibility as a decision-making criterion for investments and new acquisitions and selecting the most environmentally friendly option when there is no difference in quality. Actively involving suppliers and other business partners
- Softing regards regulatory environmental standards as absolute minimum standards, which we will not only comply with but also exceed whenever possible
- An open and transparent information policy

These guidelines are set out in our Environmental Management Manual and are already in force.

Commitment to environmental protection

| ENVIRONMENTAL MANAGEMENT

To implement the goals we had set, we established an environmental management system for our head office in Haar near Munich in 2008. During its development, we placed an emphasis on practical relevance, understandability and scalability. We hope to use it in the future to coordinate all of our environment-related business activities, foster the ecological awareness of our employees, secure our environmentally relevant processes, and expand them in line with legal requirements.

The environmental management representative is responsible for coordination. In close collaboration with our executive management and involving supervisors and employees, it is the task of the environmental management representative to integrate our environmental ambitions into our day-to-day business operations. He is also responsible for regularly reviewing, evaluating, optimizing and documenting our environmental management system.



The environmental management representative's responsibilities also include providing information on and organizing training courses on environmental protection and management.

These measures are described in more detail in our Environmental Management Manual, which provides a clear explanation for the benefit of our employees and other interested parties of the measures we have introduced. It also provides a comprehensive insight into the goals, organization and documented procedures of the environmental management system. The manual is continuously developed and updated by our environmental management officer, who also evaluates the effectiveness of the measures that have been drawn up and adjusts them where necessary. Publication is subject to the approval of the executive management in accordance with its oversight responsibilities for the entire company.

The environmental management representative is also responsible for preparing the Environmental Report, which is presented to the Supervisory Board and Executive Board as part of the annual management review.

| PRACTICAL IMPLEMENTATION

The procedural instructions contained in the Environmental Management Manual play an important role in the implementation of our environmental goals. They regulate the organization, the responsibility structure and the communication and work processes – in other words, the specific procedures for implementing our environmental management system. The procedural instructions are supplemented by forms and guidelines.

They define, for example, the structure, responsibilities and work of the environmental management team, which is composed of members from the operating units, the central unit and management, and is organized and led by the environmental management representative. Its key tasks are to set environmental goals, prepare environmental programs and encourage the cooperation of the departments affected by their implementation.

Commitment to environmental protection



| ENVIRONMENTAL MEASURES

In addition to the annual survey of environmental indicators, our focus is on compliance with legal requirements such as the European Union’s REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals).

REACH sets out procedures for collecting information on, using and where necessary restricting the use of substances that are hazardous to humans, animals and the environment. This affects Softing because our hardware products use materials and components that come within the scope of this regulation. We therefore have to ask ourselves the question: do the products we sell contain hazardous substances on the European Chemicals Agency (ECHA) list? The list is constantly being updated and expanded in an elaborate process that involves all European countries and relevant industries.

Companies that market hardware products are therefore required to install and regularly update a process. For each component built into our products, such as microchips, housings, screws, printed circuit boards, for example, we consult with our suppliers to determine and document the materials and substances they contain. The hazardous ingredients in each component are entered into Softing’s component database. The parts lists can then be used to identify whether any of the current 224 substances and substance groups are contained in a concentration higher than 0.1% in any specific Softing product. If so, the customer is notified. The European Commission’s goal is to create awareness of hazardous substances in industry and supply chains and to encourage manufacturers to find and use less hazardous substitutes. By far the most problematical material for Softing is lead. This metal is used to improve the functionality, reliability and durability of many mechanical and electronic components. Even if only very small amounts of lead are used, often only micrograms, and none of the substance is released in normal use, it is still necessary to pass this information on. Whenever possible, Softing prefers to use materials or components

Commitment to environmental protection



that do not contain lead. Although many component manufacturers are working to reduce the hazardous content of their products, they are not yet able to offer an equivalent substitute for every application.

The end-of-life disposal and recycling of these hazardous substances is also problematic. This is why the European Union requires companies to enter products containing hazardous substances in the

SCIP database of the European Chemicals Agency (ECHA) – so that waste management companies can obtain the information they require. Softing has always complied with this requirement and provides the necessary information for all of its products containing hazardous substances. For Softing, product development means designing equipment that is easy to disassemble and separate into its major constituents.

Our employees have always taken it upon themselves to report environmentally related irregularities and to contact the environmental management representative with practical suggestions for improvement, many of which have proven to be particularly useful to us. Since an effective environmental protection management system depends on active commitment at every level, our special thanks go to our employees. It is also thanks to their specialist expertise and enthusiastic engagement that we are already seeing the benefits of our sustainability efforts.

Since operational requirements, legal regulations, technological possibilities and scientific knowledge are all subject to constant change, our environmental management system must be flexible enough to reflect these developments as soon as they take place.

We rely on a powerful database to help us identify potential savings and implement effective environmental protection actions. Methodical data collection is therefore an essential part of our environmental management system.

The measurement of environmental data is regulated by procedural instructions covering, for example, the collection, labeling, registration, access, filing, storage and deletion of environmental records to ensure that all environmental processes are reliably documented. Environmental data includes collected consumption data and other relevant logged data.

Commitment to environmental protection

The environmental management representative prepares environmental reports based on these records and submits them as part of the management review to the Executive Board and the managing directors. This data is also used in the day-to-day process of monitoring and adapting Softing's environmental management system.

In the final step of this process, the insights gained are converted into tangible improvements within the company.

Individual corrections and preventive actions are the personal responsibility of the employees concerned. The environmental management representative, for his part, checks the database for completeness, presents his findings to management and sets the necessary improvements in motion.

| RESULTS

In addition to our comprehensive environmental protection measures, we have established an energy management system that is supervised by the quality management representative.

We regularly optimize our systems to ensure that they identify potential energy savings and we also examine our processes and their interactions. In addition to observing statutory regulations and official requirements relating to environmental protection and energy management, we are also actively developing our measures in the long term. We wish to reduce environmental pollution as much as we can and, ideally, avoid it completely. In doing so, we focus primarily on energy efficiency and reducing the consumption of resources. To check our consumption figures, we conducted a full representative energy audit for all our German sites in 2016, which provided us with a reliable database of our consumption figures and identified further cost-saving opportunities.

Energy consumption (in kW/h) at all our sites worldwide remained relatively stable from 2020 to 2024 at around 1.4 million kW/h.

ENERGY					
	2020	2021	2022	2023	2024
Total energy cons. in kW/h	1.386.287	1.379.678	1.370.353	1.676.757	1.439.896
Total carbon emissions in kg	618.469	602.779	584.117	668.597	521.053
Total area in m ²	10.335	10.335	11.431	11.901	11.718
Carbon emissions in kg per m ²	60	58	51	56	44

We had already been able to keep consumption for heating at a very low level at our Haar and Kirchentellinsfurt plants between 2013 and 2015. These comparatively low consumption figures are due to effective thermal insulation and a high level of waste heat use when operating measuring and development equipment, which reduces the need for additional heating.

In 2020 and 2021, the mileage and consequently the fuel consumption and CO² emissions of our vehicle fleet remained low. With the lifting of COVID-related restrictions, mileage rose again, reaching just under 777,000 km in 2024, due in part to a reduction in flights.

At the Haar site, we purchased our first hybrid drive car back in 2013. Despite an increase in mileage, CO² emissions have been kept at a constant level in recent years. However, we are confident that we will be able to further reduce that figure in the long term. This trend is being driven largely by changes in communication habits, working from home and new opportunities from the growth in digitalization.

Commitment to environmental protection

VEHICLES

Average carbon emissions in g/km (vehicles with internal combustion engines)

	2020	2021	2022	2023	2024
Mileage (km)	535.114	656.275	739.858	645.679	776.962
Number of vehicles	46	47	40	35	38
Average mileage per vehicle (km)	11.633	13.963	18.496	18.448	20.446
Carbon emissions in kg	87.224	106.973	120.597	103.691	104.421

After rising between 2020 and 2023, the number of air miles traveled has once again decreased. Here, too, digitalization and increasingly environmentally conscious behavior are playing a role. Since 2021, the number of travel miles covered by rail has been tracked. Rail travel will certainly play a more significant role at Softing in the future.

FLIGHTS AND RAIL TRAVEL

	2020	2021	2022	2023	2024
Flights in km	231.993	237.261	365.419	652.778	480.530
Carbon emissions in kg	60.508	63.094	75.033	177.620	131.686
Rail travel in km	--	8.542	52.258	63.783	57.027

We noted a downward trend in the consumption of paper and water at our plants. While we used 1.7 tonnes of paper in 2020, this figure fell below 1.4 tonnes in 2024, with the main reason being the progressing digital transformation.

Water consumption has also seen a significant and steady decline: while consumption per m² in 2020 as high as 0.45 m³, this figure fell below 0.40 m².

We intend to continue to remain well below the prior-year level in both areas.

PAPER CONSUMPTION

	2020	2021	2022	2023	2024
Paper consumption (kg)	1.692	1.711	1.195	1.410	1.384

WATER/DISPOSAL

	2020	2021	2022	2023	2024
Water cons. (m ³) in relation to m ²	0.45	0.43	0.39	0.37	0.37

| OPTIMIZATION POTENTIAL AND PLANNED IMPROVEMENTS

Not all of the developments on our road to responsible, sustainable management are proceeding at the same pace. Thanks to our methodical documentation, however, we have been able to identify areas in which there is still untapped potential for making savings.

Commitment to environmental protection



For example, the absolute amount of waste has increased slightly at all sites. Although a certain level of waste production is inevitable, we want to avoid unnecessary waste and systematically recycle all useful raw materials. Also, we are steadily increasing our use of reusable packaging. The intelligent controls in our delivery system, which have been in use for several years, keep waste down to a relatively low level.

WASTE

	2020	2021	2022	2023	2024
Waste (kg)	20.795	20.716	21.258	23.459	19.905
Waste (kg) in relation to m ²	2.0	2.0	1.9	2.0	1.7

Our sustainability plans also continue to focus on areas where we have already achieved some success. As part of a systematic investigation into this area, our energy audit has provided suggestions on the most effective measures to implement.

For example, the audit recommended that we reduce the carbon emissions at the Haar site. Since most of these emissions are related to our use of electricity, we intend to switch to a green electricity tariff going forward. This would enable us to completely eliminate our electricity-related carbon emissions.

Another measure is the wholesale changeover to LED lighting and the installation of presence detectors and brightness sensors. We estimate the savings potential for lighting at between 60 and 80%. The fact that we have not yet completed the changeover is not only due to the high cost of switching but also to possible conflicts with workplace directives due to the different illumination characteristics of LED lighting. The switch to LED lighting in the underground parking garage has now been completed.

Another way to reduce consumption is to accelerate the modernization of our vehicle fleet, in particular by switching to low-consumption or electrically powered vehicles. We will continue to replace older models with new ones.

We are also looking into making savings by optimizing journeys, that is, reducing fuel consumption by reducing distances traveled. We are encouraging our employees to adopt fuel-saving driving techniques, and discussing the possibility of training courses to teach eco-driving skills.

IT accounts for a large share of Softing's electricity consumption, which is why the potential savings here are considerable. In the future, we will therefore continue to replace our hardware with more energy-efficient types and explore new ways of cooling our servers. Deactivating the standby function of equipment can also contribute to savings. Above all, we want to instill in users a sense of mindful consumption. Training events and an incentive system that rewards energy-saving behavior are two possible approaches to doing this.

Products



Littleton/Englewood Wastewater Treatment Plant

As important as all the resource-saving efforts at our plants are, the greatest potential is in our power to innovate – and therefore in our products. These empower our customers to significantly boost efficiency in their value creation processes and so achieve permanent reductions in resource consumption. This is what our “Optimize!” tagline implies: maximizing process and product efficiency at our customers. This cuts figures for emissions and consumption automatically – while optimized process monitoring reduces the risk of harming the environment.

Customer testimonials powerfully illustrate how Softing’s products make the difference in boosting efficiency and environmental safety. Common to all of our products is their reliability and durability, combined with a precise alignment to the needs of our customers, which grants them exceptionally low rates of failure. This fact alone ensures that they make a key contribution to sustainable business. Unlike Softing itself, many of our customers are major industrial producers or plant operators, which often allows these businesses to achieve huge potential savings by deploying our products.

Littleton/Englewood Wastewater Treatment Plant is an important wastewater facility in Colorado that was regularly running into process control problems. These were traced to the existing network management software used by its automation system. The frequent disruptions to operations not only resulted in extra work and financial losses, but were also a hazard threatening the safe operation of the plant and the bodies of freshwater nearby. A total failure of the control system could have had a serious impact on the local environment.

After looking for alternatives, plant management selected Softing’s TH Link Profibus. The previous supplier’s successor product was also installed at the same time, making a direct comparison of both systems possible. The results left no room for doubt: Softing’s product was considerably more reliable and capable. The management team therefore settled on our product, which was able to ensure the reliable and environmentally compatible operation of the treatment plant.

- › [Geothermal project in Nicaragua](#)
- › [Handtmann light metal casting company](#)

Products



Geothermal project in Nicaragua

This kind of exceptional reliability and straightforward operation was also found in another Softing product that was successfully deployed in a **geothermal project in Nicaragua**. Highly dependent to date on oil imports for its energy supply, this country suffers from energy prices that are much

higher than those of its neighbors. Yet some regions in the country would be ideally suited to renewable energy production on account of their above-average geothermal activity. In fact, geothermal power generation is considered one of the best future technologies for the energy sector, since yields are high and the risk of environmental damage is very low. The region of San Jacinto Ticate, located in the “Nicaraguan depression”, is ideally suited to this kind of renewable energy production.

In 2001, US company Ram Power received a concession for the construction of a geothermal power plant, which commenced commercial operations in 2012. The developers opted for a decentralized, standard control system, with both power plant units being operated using the inexpensive and efficient single-flash method featuring condensing turbines. The conventional DCS control, which communicates over Ethernet via Modbus/TCP, was fitted with Softing’s FG-110 FF gateway as the best option among many competitors. Softing’s gateway offers many advantages. Apart from giving four FOUNDATION Fieldbus (FF) H1 segments connectivity to up to 64 field devices, work for control technicians is also made much more straightforward by its simple operation plus the option of having monitoring and diagnostic tasks handled directly by the central control room. Ultimately, Softing’s product was picked thanks to its ability to use standard device description files, offering full integration for field devices. As an end result, response times were significantly shortened and control availability was improved. Softing’s product therefore contributes decisively to the efficiency of renewable energy generation in one of the poorest countries in Central America.

Our work here has been confirmed by the customer’s positive feedback, with both the gateway itself as well as the prompt and productive cooperation with our technical support being rated as excellent. A representative of Ram Power has stated their express intention of working together with Softing in the future.

Products



Handtmann light metal casting company

Another customer who has improved plant safety while simultaneously cutting their emissions of environmental pollutants thanks to our products is **Handtmann light metal casting company**. Today employing more than 4,000 people worldwide, this family-run business processes industry-standard aluminum and magnesium alloys. Light alloy casting is a particularly important business segment here, with the automotive sector being one of the company's key markets.

This was the reason for its decision to build a new production facility for magnesium part casting with four highly advanced machines in 2015. Even in comparison to aluminum, magnesium is an extremely lightweight material that offers significant reductions in fuel consumption and exhaust emissions for the vehicles produced by modern carmakers. This has a positive effect on both the carbon footprint as well as the quality of life where these vehicles are driven, since this approach to construction not only cuts emissions but also reduces noise, thanks to a lower level of vibration. The production of vehicle parts is also more energy-efficient. Overall, reduced energy consumption, resulting in less of an impact from environmental pollutants, can therefore be achieved both in production and by day-to-day use of the final product.

The material itself does present Handtmann with a number of challenges during processing, however, since magnesium must not come into contact with air or water while in a molten state. Supplementing a comprehensive set of safety precautions for handling the new die-casting machinery, the company therefore deploys a modern Industrial Ethernet standard. This is where Softing's TH Scope and TH Link diagnostics software comes into play: these integrated software solutions support continuous condition monitoring together with predictive maintenance, pinpointing errors quickly and precisely in the event of a fault. Handtmann understandably prioritizes safety above all when operating its magnesium casting plant. Accordingly, the client selected Softing's products, since these keep plant safety at this optimum level, thanks to their continuous logging combined with permanent monitoring. As TH Scope and TH Link also offer easy integration with existing systems and processes, installation at the client was rapid, without any appreciable production downtime. The client was therefore able to achieve a greater level of safety and efficiency without any disruptions to plant operations. The same applies to regular maintenance work.

Responsible action: suppliers and business partners



| CODE OF CONDUCT

In a globally connected world, responsible action obviously does not end at the factory gates. Softing's complete commitment to its social and environmental responsibilities means it demands the same dedication from its suppliers and business partners. We ensure strict compliance with legal standards and even go beyond them in some cases. In order to establish clear rules and ensure they can be implemented in a detailed and transparent way, Softing has formulated a code of conduct for the Softing Group's suppliers and business partners ("Supplier Code of Conduct"), and we ask our domestic and international partners to confirm their compliance with it as part of our contract with them. For us, the Supplier Code of Conduct is a vital prerequisite for lasting relationships with our partners, some of whom we have enjoyed trusting partnerships with for many years. Our Supplier Code of Conduct provides both us and our partners with a high level of clarity and reliability. Compliance with the law, human rights and environmental standards form the key pillars of our Supplier Code of Conduct.

As far as we are concerned, ensuring that legal requirements are observed is an essential prerequisite for any business relationship. We cultivate trusting relationships with our suppliers and leave nothing to chance when it comes to respecting the rule of law. Compliance with all requirements is regularly reviewed, partly by our business partners themselves and partly by Softing or a third party appointed by us. Our suppliers are contractually obliged to review compliance with all of these guidelines and ensure their implementation in their own supply chains. Where there are competing sets of rules, the provisions with the strictest requirements are always applied.

- › [Human rights](#)
- › [Environmental protection](#)

Responsible action: suppliers and business partners

| HUMAN RIGHTS

We place particular importance on universal human rights, which means it is our number one priority to respect these rights without exception. Specifically, we apply strict rules regarding workers' rights, fighting corruption and preventing money laundering.

Leading German bank's assessment of Softing in relation to suppliers' observance of labor rights

ISSUE: LABOR STANDARDS AND WORKING CONDITIONS	RESULTS	COMMENTS
Has the company defined requirements relating to labor rights and working conditions for the selection of key suppliers?	Yes, including the fundamental conventions of the International Labour Organisation (child labor, forced labor, freedom of association, equal treatment) and additional minimum requirements relating to working conditions (e.g. wages, working hours and safe workplaces).	• see Social factor
Has the company taken steps to ensure key suppliers' compliance with requirements relating to labor rights?	Yes, the company includes requirements in its supplier agreements, offers training sessions for purchasing departments and carries out audits of its key suppliers.	• see Social factor

Responsible action: suppliers and business partners

| ENVIRONMENTAL PROTECTION

Consistently implementing national rules and international standards relating to environmental protection is another key priority for us. At Softing, we have introduced a wide range of measures that are already delivering tangible success.

We expect our business partners to go to similar lengths to introduce and implement appropriate environmental management systems. Our aim is to reduce environmental impacts and the resulting threat to people and nature as far as possible. Decarbonizing our production and transport, reducing waste and using resources sustainably are all efficient ways to achieve our goal.

ISSUE: SUBSTANCES OF CONCERN	RESULTS	COMMENTS
Does the company have a clear strategy for reducing and substituting substances of concern (SoC)?		Yes, at least three of the following aspects are covered: obligation to reduce and substitute substances of concern (SoC), targets for reducing SoC, process for identifying SoC, progress reports on reducing and substituting SoC (safer alternatives).
What percentage of the company's relevant product sales are delivered in accordance with Restriction of Hazardous Substances (RoHS) requirements?		100% of relevant product sales are delivered in accordance with RoHS legislation.

Leading German bank's assessment of Softing in relation to the responsible procurement of raw materials

ISSUE: RESPONSIBLE PROCUREMENT OF RAW MATERIALS	RESULTS	COMMENTS
Does the company carry out due diligence regarding conflict minerals within its supply chain?		Softing AG carries out independent due diligence regarding conflict minerals in conjunction with a global network of companies in similar industries. The company has been following this process for 10 to 15 years.

Overall result

We are confident that our efforts to create a sustainable future for our company are on the right track. We are also aware that we still have a long road ahead of us before we can achieve all of our goals.

We consider the assessment of Softing by the industry barometer of a leading German bank to be a major milestone in our development, giving us a top-down perspective on our current stage of development.

Our previous successes provide us with positive examples and give us the incentive to continue. Although we are proud of what we have achieved, we are fully focused on those areas where we can still see room for improvement.

Leading German bank's assessment of Softing – overall result

Overall result		The company has taken multiple steps to reduce material environment, social and governance risks.
Climate factor		The company faces moderate climate transition risks as its business model involves moderately intense carbon emissions along the entire supply chain compared to other sectors. The company has taken several steps to reduce its climate risks. Leading companies integrate climate change factors into their management, calculate greenhouse gas emissions along their value chain and introduce appropriate measures to reduce their carbon footprint in accordance with climate science.
Social factor		The company pursues a robust approach to reducing social risks.
Corporate governance factor		The company has taken several steps to reduce its governance risks. Leading companies integrate sustainability targets into management remuneration, set guidelines for ethical business conduct and establish sound compliance procedures.
Key sector issues		The company pursues a robust approach to dealing with environment, social and governance issues that are material to its business model.
SDG impacts of products and services		On the whole, the company's portfolio of products and services neither contributes to nor hinders the achievement of one or more of the United Nations' 17 Sustainable Development Goals.