



SUSTAINABILITY REPORT 2023

FORMEL D

THE DRIVING
FORCE.





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LETTER FROM THE MANAGEMENT BOARD

Marcel Blinde (CEO)



Dear valued stakeholders,

It is with great pleasure and pride that we celebrate a significant milestone in the journey of Formel D Group: our 30th anniversary. As we reflect on three decades of growth, evolution, and achievement, we are profoundly grateful for the unwavering support and dedication of each member of our global community.

Formel D Group has undergone a remarkable transformation since our inception in Troisdorf, Germany, in 1993. What began as a modest team providing documentation services has evolved into a leading force in the automotive industry, shaping the future of quality verification and assurance services globally.

Our success over the years has been driven by our ability to adapt and innovate in response to evolving market dynamics and customer needs. We have embraced change as an opportunity for growth, continually refining our strategies, processes, and services to stay ahead of the curve.

As we mark this significant milestone, we are particularly proud of our commitment to Environmental, Social, and Governance (ESG) principles. Recognizing the importance of sustainability and responsible business practices, we have incorporated ESG considerations into our corporate strategy and operations. From reducing our environmental footprint to fostering diversity and inclusion within our workforce, we are dedicated to creating long-term value for our stakeholders while making a positive impact on society and the planet.

Looking ahead, we remain steadfast in our pursuit of excellence and innovation. With a clear vision for the future and a firm commitment to our core values, we are confident that Formel D Group will continue to thrive in the years to come.

On behalf of the Management Board, I extend my heartfelt gratitude to each and every one of you for your invaluable contributions to our success. Together, we have achieved remarkable milestones, and together, we will chart a course for an even brighter future.

Thank you for your continued trust and support.

A handwritten signature in blue ink, appearing to be 'MB', written over a light blue rectangular background.

Marcel Blinde, CEO
July 12th, 2024



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GENERAL INFORMATION

1. GENERAL INFORMATION

1.1 BASIS FOR PREPARATION OF THIS REPORT

The sustainability report of Formel D Group serves as a great platform where to communicate the status, outcomes, and evolution of the company's sustainability performance in 2023. Additionally, the report includes the management approach, challenges, and opportunities in dealing with sustainability throughout our operations. The company is actively involved in addressing key sustainability issues of concern to internal and external stakeholders. It uses this report to provide clear, transparent, and rigorous information relevant to the company's most significant environmental and social externalities.

The sustainability statement comprehensively addresses Formel D Group's upstream and downstream value chain. It thoroughly examines the company's environmental, social, and governance impacts, extending beyond its immediate operations to encompass suppliers, partners, and end-users. For this purpose, information has been directly requested from the value chain, and in cases where direct information was not available, indirect sources have been consulted. The report outlines how Formel D Group engages with stakeholders throughout the entire value chain, demonstrating a commitment to transparency and accountability. This approach ensures that sustainability considerations are integrated into all facets of the business, ultimately contributing to a more holistic and responsible corporate approach.

The report builds upon the information provided in the previous year's sustainability report, and the progress made during 2023 from all countries to comply with the requirements outlined in the Corporate Sustainability Reporting (CSRD) and European Sustainability Reporting Standards (ESRS).

The information presented in this document is complemented by the content of other company reports such as the financial statements, leading to the preparation of the sustainability statement on a consolidated basis. In consequence, the consolidated sustainability statement is the same as for financial statements.

In preparing this sustainability report, it is crucial to note that the scope of information provided this year has been expanded compared to the previous reporting period. This expansion reflects Formel D's commitment to transparency and comprehensive reporting practices. As there were no errors identified in the prior year's report, there were no corrections or adjustments done. Therefore, in line with the reporting requirements, no changes, revisions, or corrections have been made to the disclosed metrics or comparative figures. The absence of modifications indicates a continuous commitment to maintaining accuracy, consistency, and reliability in sustainability reporting practices.

In the process of crafting the report and defining its contents, adherence to the principles of Relevance, Faithful Representation, Comparability, Verifiability, and Understandability of information has been ensured, as required by CSRD and ESRS 1.



Relevance

The preparation of this report adheres to the relevance principles outlined in sustainability reporting standards. Sustainability information has been considered relevant under a double materiality approach, recognizing its potential to influence user decisions.

It is acknowledged that information may be impactful even if users choose not to utilize it or are already aware of it from alternative sources. The sustainability information provided in this report is designed to possess predictive and confirmatory value, aiding users in estimating future outcomes and providing feedback on previous evaluations.

Materiality, evaluated in the context of the Formel D Group's sustainability reporting, is recognized as an entity-specific aspect of relevance, considering the nature or magnitude of the items to which the information relates.

Faithful representation

The preparation of this report is grounded in the commitment to faithfully represent the relevant phenomena, ensuring the information is both useful and accurate. Faithful representation requires completeness, neutrality, and accuracy.

To achieve completeness, the report provides a comprehensive depiction of impacts, risks, and opportunities, encompassing all material information necessary for user understanding. This includes detailing the adaptation of strategy, risk management, and governance in response to identified impacts, risks, or opportunities, along with metrics for setting targets and measuring performance.

Neutrality is maintained through unbiased selection and disclosure of information, ensuring a balanced presentation that covers both positive and negative aspects. Material impacts, risks, and opportunities receive equal attention, preventing slanted or manipulated information. Prudence is exercised, promoting caution in judgments under uncertainty, and opportunities are not overstated while risks are not understated.

Accuracy is achieved through robust processes and internal controls, with transparent acknowledgment of the limitations and uncertainties associated with estimates, approximations, and forecasts. The report adheres to precision standards, ensuring information is free from material error, descriptions are precise, and assertions are reasonable and based on high-quality information. The commitment to accuracy extends to future judgments, faithfully reflecting both those judgments and the information on which they are based.

Comparability

The report has been diligently prepared to meet the requirements of comparability and consistency in sustainability information. To ensure comparability, the information presented allows for meaningful comparisons across periods. In this regard, in relation to indicators that require temporal horizons, Formel D Group considers the following, in line with those proposed by the ESRS 1:

- Short-term time horizon: The period adopted by the company as the reference period in its financial statements.
- Medium-term time horizon: From the end of the short-term reference period defined until five years later.
- Long-term time horizon: More than five years.

Points of reference for comparison could include targets, baselines, industry benchmarks, and data from internationally recognized organizations. Consistency has been maintained by using the same approaches or methods for the same sustainability matters, promoting comparability over time.



Verifiability

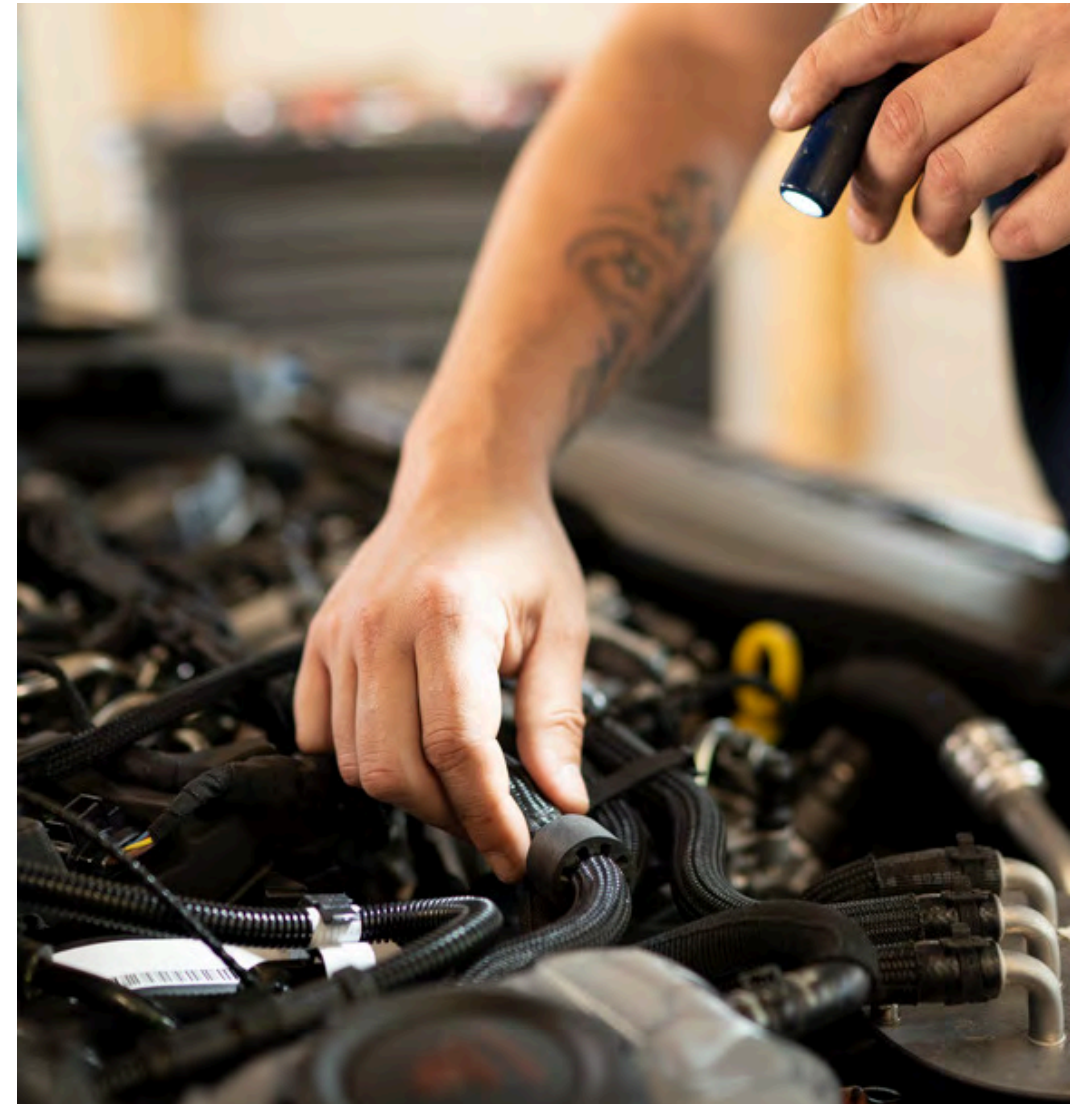
The report has diligently adhered to the principle of verifiability to instill confidence in users regarding the completeness, neutrality, and accuracy of sustainability information. Verifiability is assured by presenting information in a manner that allows knowledgeable and independent observers to corroborate either the information itself or the inputs used to derive it. The aim is to facilitate consensus among such observers, enhancing confidence in the faithful representation of depicted phenomena. To strengthen verifiability, the report includes information that can be cross-referenced with other available data related to Formel D Group's business, other businesses, or the external environment. Additionally, transparency is maintained by providing details about the inputs and methods used for calculations, and by offering information that has been reviewed and agreed upon by administrative, management, and supervisory bodies or their corporate committees.

Recognizing that certain sustainability information involves explanations or forward-looking details, the report ensures supportability by faithfully representing factual bases, such as strategies, plans, and risk analyses. To aid users in decision-making, underlying assumptions, methods, and other factors influencing the information are described, providing evidence that it accurately reflects the actual plans or decisions made by Formel D Group.

Understandability

The preparation of this report prioritizes the principles of understandability, clarity, conciseness, and coherence in presenting sustainability information. Understandability is ensured through clear and concise communication, facilitating comprehension by reasonably knowledgeable users. The report avoids generic information, and unnecessary duplication, and employs clear language and well-structured sentences and paragraphs. Emphasis is placed on providing only material information to maintain conciseness.

To enhance clarity, the report distinguishes between developments in the reporting period and information that remains relatively unchanged. This differentiation extends to sustainability-related governance and risk management processes, where changes are separately described compared to those that remain constant from one period to the next. Coherence is maintained by presenting information as a coherent whole, explaining the context and connections between related information. The report enables users to relate impacts, risks, and opportunities to information in the financial statements. Where sustainability-related risks and opportunities in the financial statements have implications for sustainability reporting, the necessary information is included in the sustainability statement, with appropriate links to the financial statements. The level of information, granularity, and technicality align with the needs and expectations of users, ensuring a comprehensive yet accessible presentation of sustainability disclosures.



1.2 STRATEGY, BUSINESS MODEL AND VALUE CHAIN

1.2.1 The Driving Force

Formel D Group is a global service provider to the automotive and component supply industry. Extensive concepts and scalable solutions for quality assurance and process optimization are developed along the entire automotive value chain by Formel D Group, from product development to production through to

after-sales. As a reliable partner, Formel D Group provides on-site resources and solutions globally, ensuring vehicles and components are market-ready in the shortest possible time. Additionally, service processes are implemented and optimized.

Mission Statement

We offer best-in-class professional services and are deeply devoted to the quality that we provide to our customers. We draw on profound expertise to develop tailored concepts down to the finest detail. Formel D Group backs with sustainable, quality-assuring solutions, analyses and optimizes processes along the entire automotive value chain, and guarantees smooth workflows.



Our Vision

We are driving efficiency in the automotive service industry, together with our internal stakeholders and our customers and partners. Team-spirited, professional, and passionate, we lead the market in the development of concepts and individual, scalable solutions for quality assurance and process optimization along the entire automotive value chain.



Our values



We live quality

Since the foundation of the company, quality has always been a key pillar within Formel D Group as an organization. We ensure quality through the continuous improvement processes that we foster throughout the organization, making it deeply engrained in our DNA. This enables us to stay on top of all current and new standards and processes in the industry and stay ahead of our competition. At Formel D Group, we are aware of the business and sustainability needs of our customers and spare no efforts to exceed them. Therefore, continuous education and training are a crucial ingredient for our success, which enables us to support our employees in their career development and deliver services at the highest standards.



We have an entrepreneurial mindset

At Formel D Group, we entrust our employees with responsibility for their work and to contribute to the overall success of our company. We enable them to learn every day and progress their careers within the company while managing faced challenges professionally. Considering our great variety of offered services, we foster cross-functional thinking and encourage our workforce to act across different functional fields. This enables us to find synergies between different fields of expertise and share knowledge across the company, which helps improve efficiency and reduce our dependence on resources.



We are prepared for the future

We are a forward-looking company, aspiring to be a driving force for positive change in the industry and preparing ourselves for the future. Given that we operate in a sector that is coming to grips with the sustainability challenges that have become more pressing over the past years, Formel D Group is actively working to develop concepts and solutions ready for tomorrow's automotive industry.



We are local all over the world

With up to 90 locations worldwide, Formel D Group has a local presence globally. Our company culture allows for diversity and inclusion of all backgrounds and cultures and promotes the sharing of ideas and expertise internationally. From the outset, Formel D Group has established itself as a truly multicultural and diverse company, with many nationalities working together in our projects. As a global employer, we take our social responsibilities very seriously, providing job opportunities wherever our customers need us. As a company, we respect the local culture and make sure that every employee feels at home in our organization.



We take responsibility for others

Taking responsibility and acting with integrity is a key value for all employees across Formel D Group's organizational structure. We proactively take our social and ecological responsibilities, taking care of our employees, customers, the environment, and one another. Respecting and helping others is an integral part of our company culture, which enables us to address problems and find solutions together. Together we are Formel D Group.

Since its foundation in 1993 in Troisdorf, Germany, Formel D Group has experienced significant growth and evolution. Starting with just 60 employees and the opening of a branch office in Rüsselsheim, the company has developed a diverse range of services to support automotive manufacturers. Over the past three decades, Formel D Group has expanded internationally, establishing branches in key global markets and continuously enhancing its service portfolio.

From receiving prestigious awards and certifications to the establishment of numerous international branches, Formel D Group's history is marked by continuous growth and strategic development. This journey underscores the company's dedication to delivering high-quality solutions in the automotive industry, adapting to market changes, and integrating sustainability into its operations.

1993

- + Foundation of Formel D in Troisdorf (Germany) with around 60 employees
- + Opening of branch office in Rüsselsheim (Germany)
- + Development of a range of services to support automotive manufacturers

1994

- + Certified according to DIN EN ISO 9001
- + First branch outside of Germany in UK

1996

- + International branch outside of Europe established in Brazil

1997

- + First-time build of show vehicles for IAA and Tokyo Motor Show
- + Receiving the Founder's Awards of Bonn-Rhein-Sieg Region and Germany

1998

- + Establishment of a branch in the USA

2000

- + Establishment of a branch in Spain and Poland
- + Formel D nomination under the 500 most innovative companies in Europe (study for Growth Plus)

2003

- + First-time participation as exhibitor at the IAA Cars in Frankfurt

2005

- + Opening of a branch in Shanghai, China
- + Renaming to Formel D GmbH

2009

- + Start of operations in India
- + Certification of Formel D Group as education provider according to Admissions and Licensing Regulations for Further Training (AZWV)
- + First project for vehicle individualization

2010

- + Foundation Skill Enhancement Center | SEC
- + Start-up manufactory for special equipment in Europe

2013

- + Founders handover to new management board

2015

- + Realignment of the product portfolio
- + New positioning and brand relaunch

2017

- + New owners investing in Formel D Group : 3i and CITIC Capital
- + New management structure established
- + Licensed partner of the VDA Quality Management Center in China

2018

- + Growth in the number of employees to 10,000 worldwide at more than 80 offices in 19 countries
- + Consolidation of Company's restructuring in 5 regions

2019

- + Acquisition of Vdynamics & MobileNext
- + Acquisition of CPS Group
- + Global Project Management Office tool implementation
- + Start of first Quality Confirmation Center in the USA

2020

- + First Pre-Delivery inspection Center in China
- + 20 Quality Confirmation Center in France

2021

- + New HQ Cologne
- + Over 10,500 employees in 21 countries

2022

- + Evolution to Electric Vehicle
- + Rollout Value Creation Program
- + BE-SMART initiative
- + Evolution to Supply Chain Quality

2023

- + First Formel D owned Vehicle Test Center in China
- + Global lean restructuring model
- + Product diversification Consulting Engineering Testing

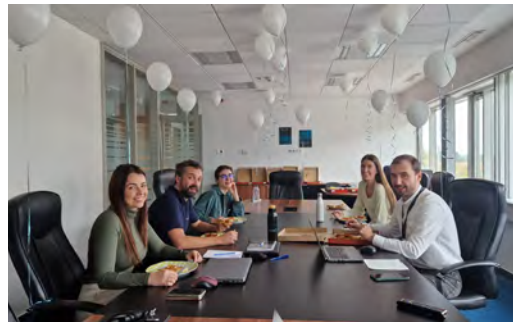
Celebrating 30 Years of Excellence at Formel D

In 2023 Formel D Group celebrated its 30th anniversary, marking three decades of excellence. What began with a team of 63 individuals providing documentation services has transformed into a globally recognized company shaping the future of the automotive industry. Throughout these thirty years, Formel D Group's team of over 10,000 associates has been instrumental in driving its success. Their open-mindedness, commitment to continuous improvement, and dedication to delivering quality services across the automotive value chain have been pivotal.

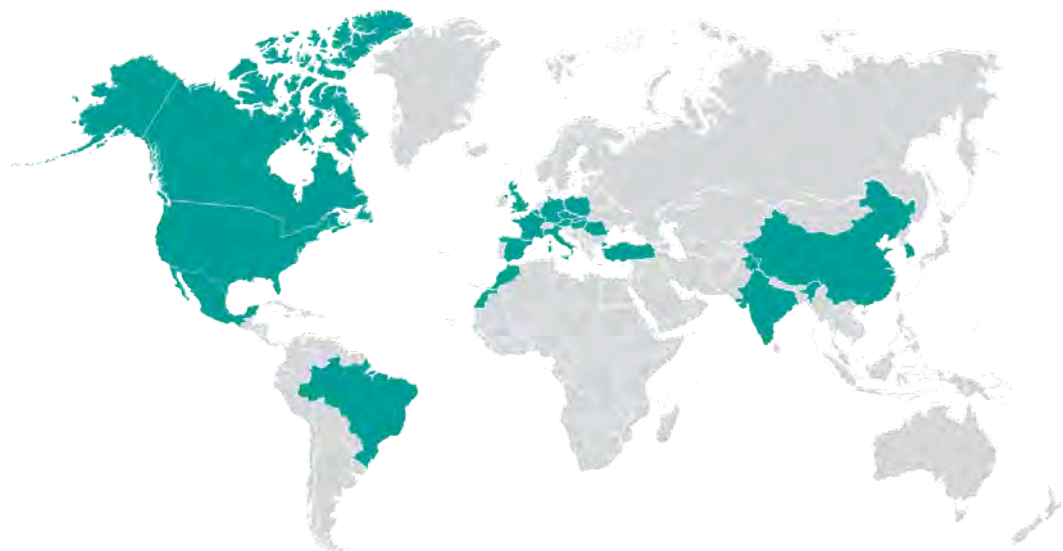
Formel D Group takes pride in its robust growth, global presence, and diverse industry partnerships. Strategic positioning, ambitious goals, and a focus on People and Performance have defined its journey. Central to Formel D Group's success is its exceptional team, the cornerstone of the organization. Respectful collaboration in a culturally diverse environment is fundamental.

Formel D Group extends its deepest gratitude to all stakeholders, including employees, customers, suppliers, and investors. Their contributions have been integral to the company's unmatched industry expertise, making Formel D Group a trusted partner in the automotive world.

As Formel D Group embarks on its next chapter, it expresses gratitude to all who have been part of its journey and looks forward to continued innovation and success in the next 30 years.



Formel D Group team comprises passionate professionals from diverse backgrounds in quality assurance and process optimization. The processes and concepts developed by the team for quality, vehicle, and warranty management serve as industry benchmarks. They possess a deep understanding of the challenges and issues encountered in product development, production, and aftersales. Furthermore, geographic diversity enables the Formel D Group team to have a better understanding of each location, thereby facilitating relationships with clients and the value chain.



As the leading service provider in the automotive industry, Formel D Group offers a broad range of services throughout the entire product lifecycle, from product development to production through aftersales. Formel D Group's product portfolio includes:

- Product development
- Production
- Aftersales

As a global actor in the automotive industry, Formel D Group supports its customers worldwide with comprehensive professional services through more than 90 subsidiaries across 21 countries (in 19 countries, the Formel D Group has its own employees . In Austria and China, the Formel D Group has a legal entity). The Group's headquarters are located in the metropolis of Cologne, Germany.

Canada	5	Germany	1,190
USA	300	France	230
Mexico	410	Spain	461
Brazil	1,129	Hungary	245
Slovakia	67	Romania	482
Italy	53	Czechia	55
South Korea	11	Poland	367
Belgium	33	Türkiye	375
UK	182	China	669
Morocco	55		

Services

Product development

For the product development stage, Formel D Group assists companies by providing services for vehicle and software testing. These services play a vital role in ensuring the highest standards of quality and road safety. Formel D Group can help set up entire vehicle test centres, and managing all logistics related to

these operations. Trained test drivers ensure that all tests are conducted in accordance with customer and regulatory requirements. Additionally, through its subsidiary Vdynamics, Formel D offers virtual software testing services aimed at reducing the environmental impact of the testing process and cutting costs.

BUILD UP MULE- AND TEST VEHICLES	VEHICLE TESTING	VEHICLE TEST CENTER OPERATIONS	CAMOUFLAGING	SOFTWARE TESTING
<ul style="list-style-type: none"> • Vehicle preparation • Test Equipment Installation • Assembly and initial Start up of Prototypes and Mules Vehicles • Camouflage Management 	<ul style="list-style-type: none"> • Vehicle Test Drives • Hardware and Software Analysis • Software Management • Benchmarking • Test Vehicle Fleet Management 	<ul style="list-style-type: none"> • Test Center Conception, Implementation and Operations • Test Vehicle- and Parts Logistic Management • Customs Clearance 	<ul style="list-style-type: none"> • Camouflaging of exterior • Camouflaging of interior • Production of interior coverings • Handling and transport of prototypes and pre-production vehicles • Off-campus Camouflaging in prototype-proof development workshops 	<ul style="list-style-type: none"> • Requirements Management • Test Development • Testing and Analysis • Test Management • Software and Tool Development

Formel D Group helps its customer's employees to enhance their skills

Formel D Romania has demonstrated its proven expertise by leveraging the Formel D Training Academy to enhance the skills of the client's employees through specialized certification training.

Utilizing internal training resources, Formel D Romania was dedicated to delivering comprehensive training certification programs for electricians, covering Level 2 and Level 3 certifications. These programs encompassed both theoretical knowledge and practical expertise, ensuring a well-rounded training experience for all participants.

This strategic initiative was a response to current market trends and the growing electrification in the automotive industry, highlighting the urgent need for skilled professionals in the field of hybrid and electric vehicles.

Formel D Romania was unwavering in its commitment to conducting multiple training sessions during the period, all under the auspices of the Training Academy. This collaborative effort underscored our dedication to providing high-quality services and empowering our workforce with the advanced skills essential to excel in the evolving automotive landscape.



Production

Formel D Group offers a diverse range of services tailored to the production phase, encompassing supplier sourcing and readiness, quality management, and value-added assembly, among others. By leveraging its services, customers gain access to opportunities for entering new and more sustainable markets while concurrently reducing the resource consumption associated with their existing processes. For instance, the growing demand for electric vehicles requires the identification of suppliers capable of meeting stringent quality and sustainability standards.

Through its supplier sourcing and readiness services, Formel D Group assists customers in identifying suitable suppliers and implementing sustainable qualification, training, and development measures. Additionally, Formel D provides digital quality management services, facilitating readiness for Industry 4.0 and enhancing process transparency. Furthermore, Formel D Group services support resource optimization efforts by offering reworking solutions for defective components as needed.



Formel D strengthens Quality Management

Formel D USA team is working on a project focused on the Management of Vehicle Quality Services for the launch of new vehicle models. The Vehicle Technician Team, originally planned for a 6-month project during the production ramp-up phase, has not only successfully executed their service but has also expanded its expertise, making a significant impact for over 1.5 years now.

This extension is a testament to the team's dedication and the high standards they uphold in ensuring vehicle quality. Their continuous efforts have led to the successful implementation of numerous quality control measures, contributing to the overall improvement of vehicle reliability and customer satisfaction. As a result, the team has become an integral part of the production process, demonstrating their vital role in the ongoing success of new vehicle launches.



Aftersales

To assist customers with their aftersales processes, support is provided for service, vehicle, dealer, warranty, and software management. Formel D is well-positioned to optimize these processes, considering aftersales from the early stages of the product development process. This approach enhances efficiency for customers, allowing them to optimize serviceability, labor times, and software.

Additionally, Formel D Group's reworking, refurbishing, and retrofitting services enable customers to preserve maximum asset value. This not only results in significant cost reductions but also minimizes waste and promotes circular economy principles.

SERVICE MANAGEMENT

- Serviceability
- Technical Documentation
- Labor Times Determination
- Software Verification
- Type Insurance Classification / Cost of Ownership
- Packaging Management
- Field Analysis
- Technical Support
- Service and Technical Training

VEHICLE MANAGEMENT

- Vehicle Refurbishment
- Vehicle Retrofit
- Pre-Delivery Inspection (PDI)
- Preparation Show Cars
- Fleet Management

DEALER MANAGEMENT

- Dealer Performance Optimization
- Workshop and Equipment Conception
- Process Auditing

WARRANTY MANAGEMENT

- Warranty and Field Data Analysis
- Warranty Audits
- Parts Analysis
- Parts Logistics

SOFTWARE MANAGEMENT

- Software Testing and Validation
- Requirements Management / Test Management
- Test Bench Operation and Setup
- Test Environment Management / IT Infrastructure
- Tool Development / Software Development
- Error and Test Analysis
- Test Automation
- Custom Consultation and Support Services

Formel D Group is working to address the issue of prolonged vehicle repair times

Formel D's team in the UK has been working on an aftersales project for a British multinational automobile manufacturer, one of Formel D's key customers in the region. The primary focus of the project has been to address the issue of prolonged vehicle repair times caused by delays from After Market suppliers. Our team has worked diligently to eliminate situations where vehicles need to be taken off-road, thereby reducing the wait time for customers to have their vehicles repaired.

As a result, the project has expanded to encompass additional tasks. These include conducting remote Root Cause Analysis (RCA) for suppliers, overcoming obstacles, and providing straightforward solutions. We have also extended support to Ready for Use (RFU) and Material Planning & Logistics (MP&L) teams to help them maintain their schedules and ensure timely communication. Furthermore, we have developed specific action plans tailored to address the unique challenges posed by different suppliers and their individual roadblocks.



Formel D Group develops training sessions, courses, and seminars all over the world covering a variety of fields, such as technical training, software testing, process management, quality management, and supplier development. The courses are intended for the client's employees as well as its suppliers. From standardized method training to workshops tailored to the company, Formel D Group covers the entire

spectrum of the automotive industry from a single source. The training sessions are geared to the exact needs of the clients, and the trainers are qualified and approved based on these individual requirements. This enables long-term, structured, and cost-optimized qualification measures for suppliers and employees.

Formel D Global Training Academy

In 2023, Formel D launched its Global Training Academy, marking a significant milestone in the company's commitment to providing exceptional training services to its clients in the automotive and component supply industries. Over the years, Formel D has been proud to deliver outstanding training sessions, courses, and seminars to its valued customers and associates. With the establishment of its Global Training Academy, Formel D is taking its training capabilities to unparalleled heights.

By bringing together a cohesive global team, Formel D fosters a culture of knowledge sharing, ideation, and market information transfer. This collaborative approach allows the company to better understand and cater to the needs of its customers globally. Moreover, internal associates receive specialized training, enhancing the quality of the training product.

Under the guidance of the Global Training Academy, Formel D oversees and supports the activities of local academies across all the regions in which it operates. This collaborative effort ensures consistency, quality, and efficiency throughout the training programs, regardless of geographical location. The company's commitment to excellence remains steadfast, and this evolution in its approach enables Formel D to offer its expertise as a service, bringing added value to its customers.

The benefits of this evolution extend beyond the training sessions. As a result of this enhanced approach, Formel D can provide comprehensive consulting and support to its customers, leveraging its deep industry knowledge and experience.



1.2.2 Vision 2030

Formel D Group is embarking on a new chapter in its business journey, marked by the establishment of "Vision 2030." This comprehensive five-year plan has been meticulously crafted based on the unique needs and strengths of the countries and regions that are part of the Formel D Group.

Formel D Group's "Vision 2030" strategy is focused on ensuring the company's sustained growth through long-term planning and strategic initiatives. The key elements of this strategy include enhancing safety, diversifying into new services and markets, and fostering collaboration across different regions.

Recognizing that different regions have varied needs, Formel D Group has ensured that the regional visions are integrated into the overall strategy. This tailored approach allows the company to leverage local expertise and address specific challenges effectively.

Since Formel D Group's primary asset is its people, a key element of the "Vision 2030" strategy will be focused on workforce-related matters. Consequently, a comprehensive HR plan, titled "HR 2023: Empowering Growth, Inspiring Excellence," will be developed. This plan focuses on three main areas: recruiting new talent, developing current employees, and retaining staff:



Recruiting: To attract more talent, Formel D Group will enhance its employer branding and communication efforts. This will involve creating a more appealing image of the company to potential employees and communicating the benefits of working at Formel D Group.



Developing Talent: Continuing investment in training and skill development will be a priority. Formel D Group is committed to providing opportunities for employees to grow and improve their skills, ensuring they can contribute effectively to the company's success.



Employee Retention: The company will focus on individual career opportunities, employee award programs, and flexible working models to retain its employees. By offering these incentives, Formel D Group aims to create a positive and motivating work environment that encourages long-term commitment.

In addition, Formel D Group will invest in new technologies for HR management to optimize processes, increase efficiency, and reduce time-consuming tasks. These technological advancements will support the HR department in managing the workforce more effectively and ensuring that the company can meet its strategic goals.

By addressing these areas, Formel D Group aims to build a robust and dynamic workforce capable of driving the company's long-term growth and achieving the ambitious goals set out in the "Vision 2030" strategy. This includes fostering innovation, introducing new services, and attracting top talents to enhance the company's competitive edge and market presence.

Celebrating excellence at hashtag #ABX23

Formel D Brazil participated in the Automotive Business Award 2023, a prestigious event that celebrates excellence and innovation in the automotive industry. The Automotive Business Award recognizes leaders in the automotive industry who are driving transformation and making positive contributions through innovative solutions.

Formel D Group takes pride in being a part of this transformative movement. The company's steadfast dedication to providing high-quality automotive solutions is central to its mission, and this acknowledgment further motivates Formel D Group to continue pushing boundaries and striving for excellence.



1.2.3 Sustainability management

The significance of sustainability is growing globally and has already become a megatrend. An example is the customers' aim to embed more sustainable practices throughout their value chains. Additionally, the evolving legislative landscape underscores the critical importance of sustainability for business risk management and performance. In this context, the process to develop a sustainability strategy was initiated by Formel D Group. The sustainability strategy, as well as Formel D Group's Climate Strategy, will not operate in isolation but will be integrated into the future corporate strategy, aligning the culture, goals, processes, and decisions of all departments with sound environmental, social, and business practices.

This approach aims to ensure the continued provision of exemplary services to customers and stakeholders while earnestly addressing the company's environmental and social responsibilities. By incorporating sustainability as a central component of our strategy, Formel D Group aims to proactively contribute to addressing societal challenges such as climate change and inequalities. Moreover, this approach positions the company to capitalize on opportunities arising from the growing demand for sustainable solutions. Within the sustainability strategy, sustainability-related goals will be set quantitatively and qualitatively to cover sustainability performance and governance.

At Formel D Group, the importance of creating a sustainable future for the planet and communities is acknowledged. Commitment to contributing to the United Nations' Sustainable Development Goals (SDGs), a global sustainability blueprint, is emphasized by aligning business practices with these objectives. Several SDGs with potential for significant impact have been identified, and they have been integrated into the corporate social responsibility strategy. Through this integration, efforts are directed toward fostering positive change in areas such as environmental sustainability, social equity, and economic prosperity.



Climate Commitment

We have committed to reducing our greenhouse gas emissions and increasing our use of renewable energy sources. In this regard, we have in place a Climate Change Strategy, setting science-based targets to limit global warming to 1.5°C, and yearly we calculate our carbon footprint. By doing so, we are helping to mitigate climate change and contribute to SDG 13, Climate Action, as well as contributing to the targets set for SDG 7, Affordable and Clean Energy.



Equality, Inclusion and Decent Jobs

We support SDG 5, Gender Equality, by promoting diversity and inclusivity within our company and enabling women to develop themselves personally and professionally within our organization. These efforts are further strengthened by the diversity and inclusion policies we have throughout the company, for hiring and existing employees. We also prioritize SDG 8, Decent Work and Economic Growth, by providing fair wages, benefits, and a safe working environment for all of our employees and demanding the same from our strategic partners throughout the value chain.



Ethical Business Practices

We contribute to SDG 16, Peace, Justice, and Strong Institutions, by promoting ethical business practices and transparency in our operations. We have a zero-tolerance policy towards corruption and have implemented robust compliance and governance frameworks to ensure that we conduct our business with integrity. By doing so, we are helping to promote accountable and transparent institutions and contribute to the establishment of peaceful and just societies.



Sustainability holds a central position within Formel D Group, reflecting a significant alignment with the company's core values and permeating through various departments and geographical areas. In each country and region, dedicated managers are entrusted with the implementation of sustainability policies and strategies at the local level, allowing Formel D Group to flexibly tailor its actions to address specific local challenges and needs. Recognizing the diverse and cross-functional nature of sustainability, collaboration extends across multiple departments. In this regard, as part of the company's ongoing commitment to sustainability, Formel D successfully established a Sustainability Committee in 2023. The committee includes Global Heads of Department from various key departments such as Quality Management, Health & Safety, Environment, Procurement, Human Resources, Compliance, IT, and Data Privacy. Additionally, these matters are addressed in close collaboration with the Management Board.

This dedicated **Sustainability Committee** plays a vital role in overseeing the promotion and implementation of sustainability practices throughout the organization, further embedding them in Formel D's corporate culture. Regular meetings have been conducted between the **Sustainability Committee** and the Management Board in 2023, providing updates on sustainability progress, policies, actions, metrics, and targets adopted, and fostering increased engagement from the leadership in sustainability initiatives. For now, there is no incentive system linked to sustainability targets for members of the company's administrative, management, and supervisory bodies.

As part of its ongoing commitment to sustainability, in 2023, Formel D Group conducted a training session for its employees regarding sustainability. The aim was to explain how sustainability is managed within the company and to outline the ongoing initiatives within the organization. The training covered various aspects, such as sustainability reporting, ISO 14001 standard, resource use within the company, compliance measures, as well as human rights and equality considerations.



Formel D achieves Silver Medal recognition for sustainability efforts from EcoVadis

Formel has been awarded the Silver Medal by EcoVadis, the world's largest and most esteemed provider of sustainability ratings, in recognition of its sustainability efforts in 2023. The EcoVadis sustainability rating involves a comprehensive assessment, considering key performance indicators across environmental, labor, and human rights, ethics, and sustainable procurement. Achieving and maintaining the Silver Medal requires meticulous data collection and the presentation of compelling evidence.

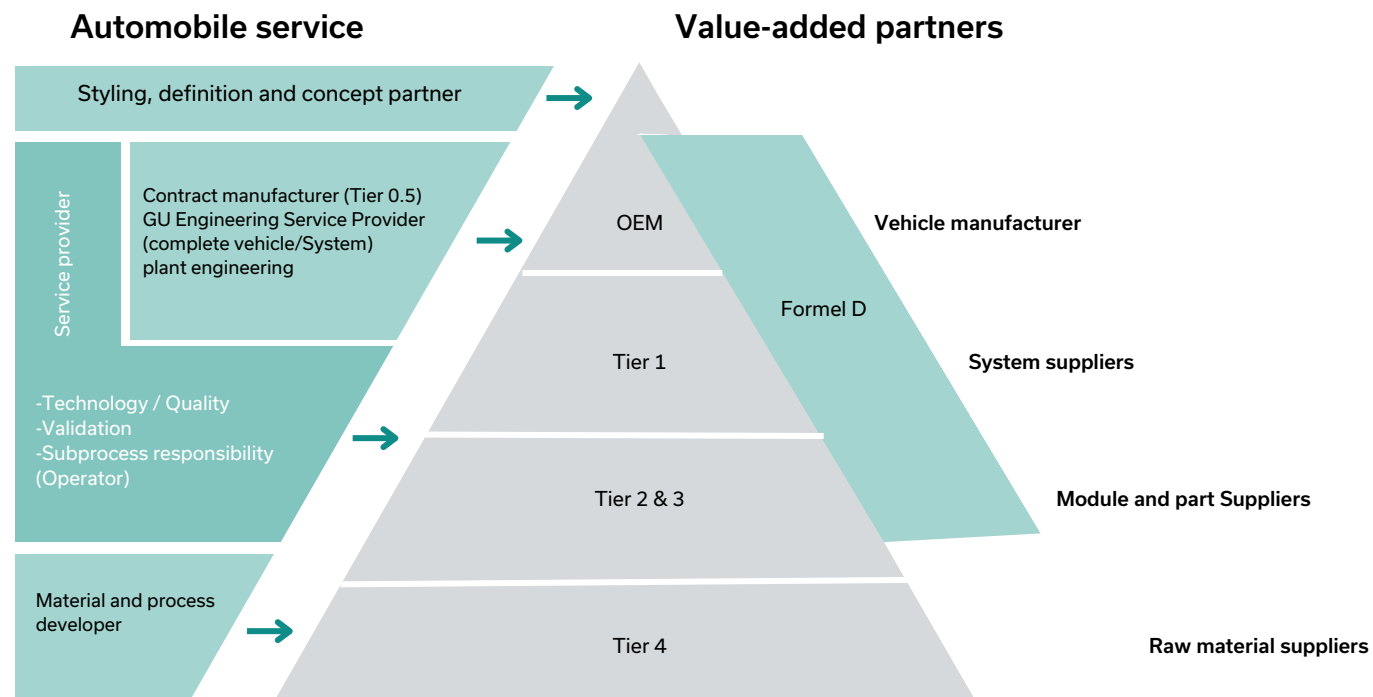
As the criteria for the Silver Medal become increasingly stringent each year, retaining this prestigious award is a testament to Formel D's steadfast commitment to sustainability. It underscores the company's dedication to making a positive impact on the environment, ensuring ethical practices, and advocating for human rights in its operations.



1.2.4 Formel D Group's value chain

Formel D Group plays a key role as one of the main service providers in the automotive industry. The company maintains strong relationships with its customers across the sector's supply chain. At Formel D Group, strong strategic partnerships are cultivated with customers based on the values of Trust, Respect, and Accountability. These principles are essential for establishing enduring and successful business relationships. The company delivers quality services to numerous well-known Original Equipment Manufacturers (OEMs), including emerging all-electric manufacturers, as well as their primary, secondary, and tertiary suppliers. All of them account as Formel D Group's upstream value chain.

The diverse range of services offered by Formel D Group caters to various customer needs. For instance, services such as quality validation and Production Part Approval Processes support tier 2 & 3 suppliers in their quality assurance processes. Additionally, production and logistics planning services are beneficial to all stakeholders within the supply chain. Formel D Group provides services to companies across the automotive value chain, except for raw material suppliers. The company subcontracts certain mechanical works to dedicated mechanics from various locations for retrofitting finalized vehicles, which account for Formel D Group's downstream value chain.



1.2.5 Interests and views of Formel D Group's key stakeholders

The identification and understanding of stakeholders, both internal and external, are essential at Formel D Group to ensure sustainability and social responsibility. This process allows the definition of relationships, communication channels, and the associated opportunities and risks derived from these relationships. Recognizing those who may be affected by Formel D Group's operations and understanding their expectations and concerns provides a solid foundation to strengthen relationships, mitigate risks, and capitalize on emerging opportunities. Ultimately, this proactive approach to stakeholder management drives the company towards a more ethical, transparent, and socially and environmentally responsible business culture.

Throughout Formel D Group's materiality assessment processes, the company has meticulously examined the interests and perspectives of its key stakeholders concerning the company's strategic direction and business model. This comprehensive analysis enabled Formel D Group to gain a good understanding of their expectations, concerns, and needs. By aligning the company's strategy and operations with these insights, Formel D Group strives to foster mutually beneficial relationships, enhance stakeholder engagement, and drive sustainable value creation.

Stakeholder	Definition	Communication tools
Customers	Group of companies or entities, regardless of their size, that use Formel D Group's services. Formel D Group is active in a B2B business model.	Through sales (new business) and project management (existing business), personal contact with the employees in projects due to presence in close-by locations (national and international), secure lines, email, and phone.
Suppliers	Companies, regardless of their size, that provide services to Formel D Group.	Formal and informal conversations, e-mail, and phone.
Investors and shareholders	Party with an equity share in Formel D Group.	Quarterly and annual results reports, calls, meetings, and roadshows.
Public administration, legislators & supervisory authorities	Public entities that regulate Formel D Group's activity. It includes local, regional, national, and European administrations.	Legal news portals, exchange with consulting law firms, and attendance of professional seminars and information events.
Employees	Professionals, regardless of their seniority, who carry out a job in each of the countries where Formel D Group operates.	Formal and informal conversations and meetings, staff meetings, intranet, email inbox, events, training, and newsletters.
Certification companies	Entities that verify Formel D Group's adherence to standards, ensuring compliance and credibility.	Certification audits, e-mail, and phone.
Society and local community	Group of people and entities that are part of the environment in which Formel D Group operates.	In writing, orally, or by phone.

1.3 GOVERNANCE

1.3.1 Broad structure

Formel D Group operates within the framework of German corporate law, employing a two-tier board structure comprising the Management Board and the Advisory Board, each playing a crucial role in overseeing the company's impacts, risks, and opportunities. Clear reporting lines are established to facilitate communication between the Management Board and the Advisory Board.

As the primary governing body, the Management Board is mandated to prioritize the company's best interests and facilitate sustainable growth in corporate value. This board collectively oversees the entire management of the company, making decisions on fundamental business policies, corporate strategy, and both short-term and long-term planning. They collaborate closely with the Senior Management Team.

The Advisory Board, consisting of seven non-executive members representing the company's shareholders and external industry experts, serves to advise the Management Board. This advisory body convenes regularly to deliberate on matters such as business development, planning, strategy, and the effective implementation of strategic initiatives.

The Senior Management team is composed of regional Vice-Presidents and Global Directors overseeing functional departments. This team is responsible for executing strategic decisions within functional departments and geographic regions, such as the setting of targets related to material impacts, risks, and opportunities, while keeping the Management Board informed of the progress. They assess, manage, and oversee the risks, opportunities, and impacts for Formel D Group. Sustainability is integral to these strategic considerations, representing a key theme with both opportunities and risks for Formel D Group.

Formel D Group is dedicated to continuously enhancing the skills and competencies of its Management Board. With a significant focus on ESG-related aspects, the company is committed to fostering a culture of continuous learning and development among its leadership team. Recognizing the growing importance of environmental, social, and governance considerations in today's business landscape, the company is strategically prioritizing efforts to equip its leadership team with the knowledge and expertise necessary to address these critical aspects effectively.

AS OF 31 DECEMBER	2023		2022		VARIATION (%)	
By head count	Women	Men	Women	Men	Women	Men
Gender distribution at top management level (number)	2	12	1	13	50%	-8%
Gender distribution at top management level (%)	14%	86%	7%	93%	50%	-8%



Marcel Blinde - CEO

Marcel Blinde joined Formel D Group Group as Chief Executive Officer (CEO) in March 2024.

With over 25 years in the testing, inspection, and certification (TIC) sector, specializing in energy and process industries, Marcel Blinde brings strategic leadership honed as a former Board Member at IRISNDT. He has also held pivotal roles in various leading companies within the TIC sector, driving growth and innovation in each endeavor. Skilled in sales, business development, and analytics, in his previous experiences, Marcel elevated revenue, profitability, and market share while prioritizing safety and quality, dedicated to delivering innovative solutions and fostering industry growth.

Marcel Blinde is a Chemical Engineer and holds an MBA from NIMBAS, Bradford – Graduate School of Management, blending technical expertise with business sense.



Sebastian Ludy – Vdynamics GmbH Executive Manager

Sebastian Ludy began his career in the Formel D Group Group in 2020 as a multi-project manager for various projects related to virtual test environments for embedded systems testing at our subsidiary Vdynamics GmbH.

Beginning of 2023, he became the Executive Manager at Vdynamics GmbH and since then has been responsible for the steady growth - nationally and internationally - of our subsidiary, which specializes in verification and validation of control devices. The services range from simulation to vehicle testing.

Sebastian Ludy is a Mechanical Engineer specializing in vehicle mechatronics.



Johannes Wallraf - Vice President Germany

Johannes Wallraf's career at Formel D Group began in late 2009, working in warranty management in Munich. In 2012, he became Project Manager for the Munich operations, and he took over responsibilities as Technical Director in 2014. Over his career at Formel D Group, Johannes has also supported his progress with distance education in business administration.

Beginning his career with training as an automotive mechatronics specialist, Johannes completed a master's degree in automotive electrics, and the automotive sector has always been part of his career. In Denmark, he was responsible for motorhome sales and conversion within the Scandinavian market, and in Germany, he worked for Volvo Trucks. Johannes' professional experience and expertise within the automotive industry and the Group led to his appointment as Vice President for Germany at Formel D Group in January 2022.



Michael Sagan - Vice President Americas

Michael Sagan started his career at Formel D Group in December 2019 as Technical Director in Greenville, SC, and in 2020, he assumed responsibility as Director of Operations for the US and Canada.

After receiving a Bachelor of Science's degree in Electrical Engineering, Michael worked in multiple operations and engineering positions for major Tier 1 suppliers. With 25 years of international experience in the automotive industry and great leadership skills, he successfully led his team to launch the Group's first QCC project in the US during the pandemic. Throughout this challenging period, Michael led with great operational expertise to successfully position Formel D Group for future growth.



Martin Pekár - Vice President Central & Eastern Europe

Martin Pekár joined Formel D Group in 2013 as Sales Director and latterly took over the role of Operations Director. Becoming Vice President of CEE in August 2017, Martin now heads the national subsidiaries of the Formel D Group Group in Poland, Slovakia, Czech Republic, Hungary, Austria, Russia, Romania, and Turkey.

After completing his studies at the Machine Engineering High School in 2001, Martin held various positions for different automotive OEMs and a power-engineering service provider. Starting as Quality Inspector, he was promoted from Supervisor, Coordinator, Project Manager, and Branch Director, and completed this period as Managing Director. In 2011, he joined the MBA program at UNYP University in Prague.



Thomas Revillard - Vice President Western Europe & Africa

Thomas Revillard joined Formel D Group as Vice President of Western Europe & Africa in September 2021.

Thomas has over 28 years of international experience in managerial positions within the automotive and aviation industries, as well as the public sector. He has worked in a wide range of countries in central Europe, Africa, the Near East, and the Far East, and he has extensive knowledge in the testing, inspection, and certification (TIC) sector.

Before joining Formel D Group, Thomas was Senior Vice President at a leading provider of trade-facilitation solutions in Dubai. Priorly, he was responsible for the development of vehicle inspection services, artificial intelligence (AI) software, and e-platform applications.



Wei Zhang - Vice President Asia

Wei Zhang was appointed Vice President of China at the beginning of 2020. He began his career at Formel D Group as a Project Manager in 2012, before enjoying promotion to Technical Director in 2014 and then Director in 2017.

Before joining Formel D Group, Wei Zhang gained experience in the automotive industry, working for Denso Tianjin as a Quality Engineer, and as a Quality Manager for an EV-powertrain system producer. He completed his Bachelor's studies in Electrical Engineering and Automation, as well as IT and Technology. Wei also holds a Master's degree in Engineering Management.



Günter May - Global Director Quality

Günter May joined Formel D Group as Technical Director for IT in 1993 at the company's formation. Since 1994, he has led worldwide quality as Global Director of Quality, and his experience includes the delivery of programs for Quality (ISO 9001), Health and Safety (ISO 45001), Environment (ISO 14001), and Information Security (TISAX).

Between 1998 and 2020, in parallel Günter was Data-Privacy Officer for the company, and for eight years he served as Chief Compliance Officer across the Formel D Group's operations between 2013 and 2021.

In his 30 years at Formel D Group, Günter has launched and supported numerous programs across the global automotive sector. During this time he contributed his knowledge of quality in vehicle manufacturing and service to projects such as the Europe-wide "Retrofit" project and the 'Ramp Up' program in Germany and China. In addition, nowadays he is overseeing the sustainability management at Formel D Group.



Christoph Hunold - Global HR Director

Christoph Hunold joined Formel D Group in 2016 as a Lawyer and became Head of Human Resources after three successful years. Following, he became Director of Human Resources for the Germany Region, before taking over the responsibility of Global Head of Human Resources for the Group.

Before Formel D Group, Christoph Hunold gained experience as a lawyer in various companies, and his legal studies specialized in labor and workforce law. During this time, he developed and added the practice of business coaching to his career, with specialty and qualifications in HR management and leadership.



Kathleen Sauer - Global IT Director

Kathleen Sauer joined Formel D Group in 2021 as IT Manager of Global Enterprise Applications, and she became Formel D Group's Global Information Technology Director after two successful years.

With a career spanning over two decades, Kathleen has honed her expertise in project management and the seamless execution of both global and local IT initiatives. Her journey in this field began over 20 years ago, and since 2016, she has taken the helm of IT teams across diverse industries, including chemical, IT business services, and consulting.

1.3.2 Statement on Due Diligence

At Formel D, due diligence is a comprehensive process designed to identify, prevent, mitigate, and account for actual and potential negative impacts on the environment and people associated with the company's business operations. This process extends across Formel D's operations and the entire value chain, both upstream and downstream, including its products, services, and business relationships. The above table provides a mapping to where in Formel D Group's sustainability statements information about the due diligence process is provided:

CORE ELEMENTS OF DUE DILIGENCE	DISCLOSURE REQUIREMENT	SECTION
Embedding due diligence in governance, strategy, and business model	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.2.3 Sustainability management
	GOV-3 - Integration of sustainability-related performance in incentive schemes	1.2.3 Sustainability management
	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting
Engaging with affected stakeholders in all key steps of the due diligence	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.2.3 Sustainability management
	SBM-2 - Interests and views of stakeholders	1.2.5 Interests and views of Formel D's key stakeholders
	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Double materiality assessment
	MDR-P Policies adopted to manage material sustainability matters	Policies adopted to manage material sustainability matters are explained throughout the report
Identifying and assessing adverse impacts	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Double materiality assessment
	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	1.4 Double materiality assessment
Taking actions to address those adverse impacts	MDR-A Actions and resources in relation to material sustainability	Actions and resources in relation to material sustainability matters are explained throughout the report
Tracking the effectiveness of these efforts and communicating	MDR-M Metrics in relation to material sustainability matters	Metrics in relation to material sustainability matters are provided throughout the report
	MDR-T Tracking effectiveness of policies and actions through targets	The effectiveness of policies and actions through targets are provided throughout the report

1.4 DOUBLE MATERIALITY ASSESSMENT

As set out in the Corporate Sustainability Reporting Directive (CSRD), companies shall identify their impacts, risks, and opportunities and assess their materiality, as the basis for determining the disclosures in their sustainability statement. The CSRD defines the two dimensions of the double materiality assessment:

Impact materiality



Impact materiality: a sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term. Impacts include those connected with the undertaking's operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships.

Financial materiality



Financial materiality: the financial materiality assessment corresponds to the identification of information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. In particular, information is considered material for primary users of general-purpose financial reports if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that they make based on the undertaking's sustainability statement.

The purpose of conducting a Double Materiality Analysis is to comprehensively assess and prioritize internal and external sustainability factors that are material to the organization. This approach considers the impacts of the organization's operations on the environment, society, and governance (ESG), and the impacts of external ESG factors on the organization itself.

The procedure followed by Formel D for the development of the Double materiality assessment complies with the recommendations of the IG 1: Materiality Assessment Implementation Guidance by EFRAG, as well as with the standards European Sustainability Reporting Standards 1 and European Sustainability Reporting Standards 2.

Methodology

Formel D Group followed a three-step process for conducting the Double Materiality Assessment:

1. Starting point and benchmarking

The starting point for the assessment was to identify the ESG topics that should be analyzed in the double materiality assessment. To do so, three key inputs were considered: (I) the preliminary list of sustainability topics covered in ESRS 1; (II) the ESG topics reported in the sustainability reports of companies of equal or larger size than Formel D Group, with operations in various countries around the world and involvement in similar economic activities as Formel D Group; and (III) the ESG topics considered relevant by international frameworks such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). As a result of this process, the final list of ESG topics to be considered in Formel D Group's double materiality assessment was established.

2. Stakeholder consultation

Consulting internal and external stakeholders in the Double Materiality Assessment process is crucial for capturing diverse perspectives and ensuring that all relevant ESG topics are accurately identified and prioritized. To gather assessments from all stakeholders regarding the materiality of the ESG topics, an anonymous online survey system was chosen. The content of the questionnaires was based on the approach outlined in the IG 1: Materiality Assessment Implementation Guidance by EFRAG, as well as the European Sustainability Reporting Standard 2 (ESRS 2).

According to the Implementation Guidance and the ESRS 2, it is important to identify and assess the impacts, risks, and opportunities of each ESG topic evaluated under the Double Materiality Assessment. The impact assessment focuses on evaluating the severity of the impact (including its scale, scope, and irremediable character) and the likelihood of its occurrence. For assessing the risks and opportunities, each ESG topic is evaluated based on the combination of the likelihood of occurrence and the potential magnitude of the financial effects. These comprehensive assessments were then included in the questionnaire sent to both internal and external stakeholders.

3. Data processing and development of the materiality matrix

The results from all questionnaires were transferred to a tool to aggregate scores and calculate the degree of materiality of each of the ESG topics assessed. Finally, as established by IRO1 of the ESRS, the company defined a quantitative threshold to determine the relative importance of disclosing specific information. In this regard, a value of 3.1 out of 5 was set as the threshold for impact materiality and a value of 3.5 out of 5 for financial materiality. Any ESG aspect scoring above these thresholds was considered material and relevant for the company and its stakeholders.

Results

The results of Formel D's double materiality analysis are as follows. This comprehensive evaluation highlights the most significant financial and non-financial factors impacting the organization. By integrating both traditional financial metrics and broader environmental, social, and governance (ESG) considerations, key areas where operations intersect with broader societal and environmental concerns have been identified. These findings provide a clear understanding of the opportunities and risks faced, enabling informed strategic decisions that support sustainable growth and stakeholder value.

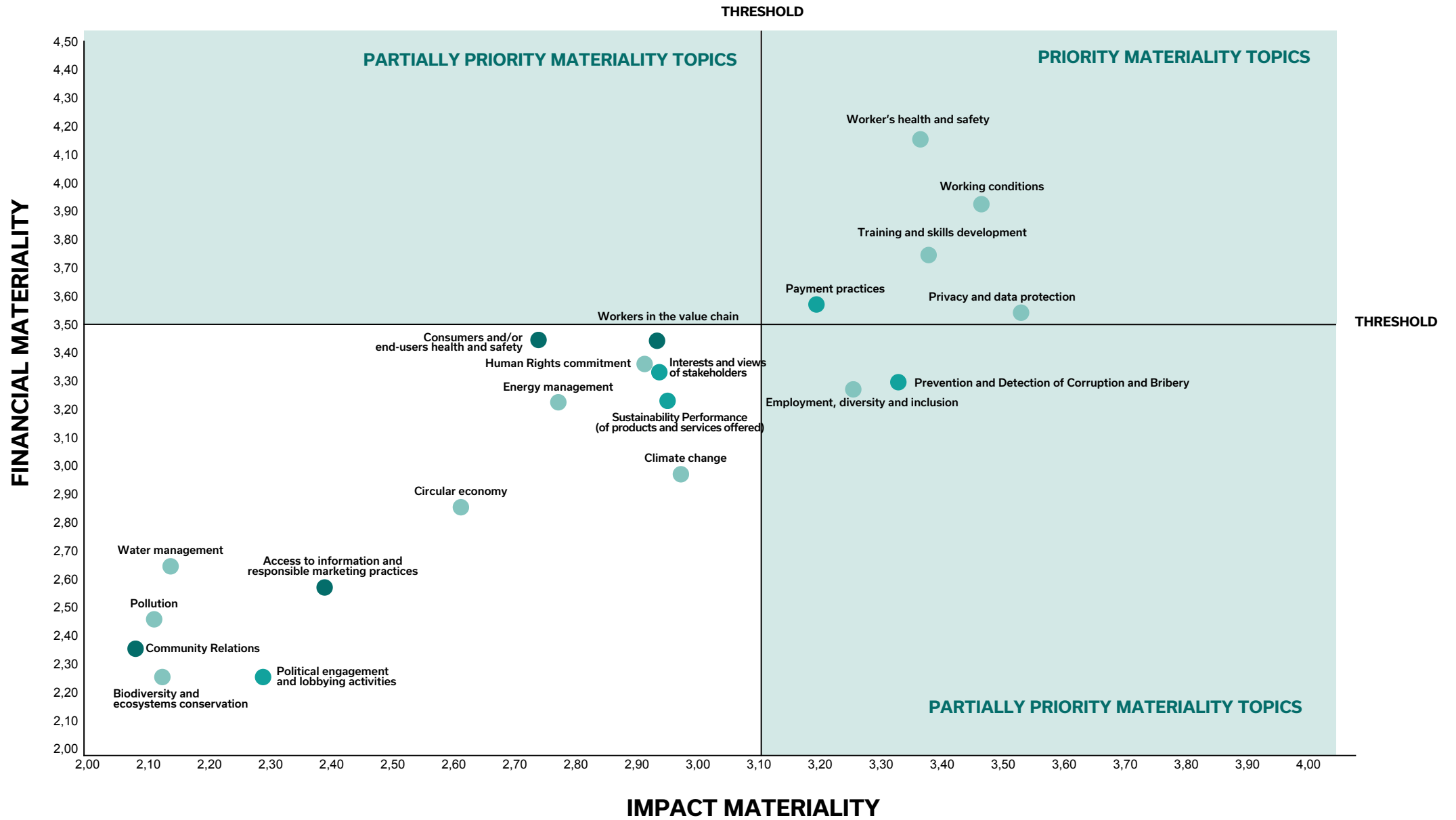
PRIORITY MATERIALITY TOPICS (RELEVANT IN BOTH CATEGORIES OF MATERIALITY)	IMPACT MATERIALITY THRESHOLD: 3.1	FINANCIAL MATERIALITY THRESHOLD: 3.5
Worker's health and safety	3,36	4,2
Working conditions	3,46	3,9
Training and skills development	3,38	3,7
Privacy and data protection	3,52	3,5
Payment practices	3,19	3,6

PARTIALLY PRIORITY MATERIALITY TOPICS (RELEVANT FOR ONE OF THE TWO CATEGORIES OF MATERIALITY)	IMPACT MATERIALITY THRESHOLD: 3.1	FINANCIAL MATERIALITY THRESHOLD: 3.5
Employment, diversity, and inclusion	3,25	3,3
Prevention and Detection of Corruption and Bribery	3,33	3,3

Following the requirements set in ESRS 2 IRO-2, Formel D Group has prepared the sustainability statement by complying with the relevant Disclosure Requirements identified through the materiality assessment. Below is a correlation between each material topic identified in the double materiality assessment and the associated ESRS. Furthermore, the list of Disclosure Requirements, along with the corresponding sections where the related disclosures can be found in the sustainability statement, is presented in the Appendix.

Moreover, the CSRD establishes that ESRS E1 Climate Change must be disclosed independently of the materiality assessment results. Even though the topic did not emerge as material in the double materiality analysis, it remains a priority topic, as Formel D Group is part of the value chain of sectors that play a crucial role in climate change mitigation and adaptation (such as the automotive sector), making this topic important for the company.

MATERIAL TOPIC	ASSOCIATED ESRS
Worker's health and safety	ESRS S1 Own workforce
Working conditions	ESRS S1 Own workforce
Training and skills development	ESRS S1 Own workforce
Privacy and data protection	ESRS G1 Business Conduct
Payment practices	ESRS G1 Business Conduct
Employment, diversity, and inclusion	ESRS S1 Own workforce
Prevention and Detection of Corruption and Bribery	ESRS G1 Business Conduct



1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting

In an increasingly sustainability-conscious business world, companies like Formel D Group are facing mounting pressure from investors, customers, and other stakeholders to effectively address these issues. Understanding the material impacts, risks, and opportunities associated with sustainability is crucial in assessing how a company manages its operations and relationships with the surrounding environment.

Formel D Group, a leading company in the automotive industry, is uniquely positioned to assess and address these topics. From its commitment to environmental sustainability to its focus on social equity and corporate integrity, Formel D Group strives to integrate responsible practices across all its operations.

Through a rigorous double materiality analysis, Formel D Group has identified the risks, opportunities, and impacts arising from its activities. By assessing both the external impacts on the company and the company's impacts on society and the environment, Formel D Group has gained comprehensive insights into the material issues affecting its operations. These material topics, once identified, have been meticulously integrated into Formel D Group's business model and strategic framework. By considering the associated risks, opportunities, and impacts, Formel D Group is better equipped to navigate the complex business landscape while aligning its operations with sustainability objectives and stakeholder expectations.

TOPIC	RISKS	OPPORTUNITIES
Climate change	Increasing regulatory requirements related to carbon emissions and environmental standards may result in additional compliance costs.	Investing in and adopting sustainable technologies can lead to cost savings, improved efficiency, and a competitive advantage.
	Climate-related events, such as extreme weather or natural disasters, can disrupt the supply chain, as well as the company's own infrastructure, leading to delays and increased costs.	Developing and offering environmentally friendly products and services can tap into a growing market demand for sustainable options.
	Public perception and trust may suffer if the company is perceived as contributing to or not adequately addressing climate change issues.	Implementing measures to enhance the resilience of the supply chain against climate-related risks can ensure more stable and reliable operations.
	Changing consumer preferences and increased awareness of climate issues may lead to a decline in demand for products or services that are not environmentally sustainable.	Proactively addressing climate change can enhance the company's reputation, attract environmentally conscious customers, and strengthen brand loyalty.
Worker's health and safety	The potential for workplace accidents and injuries may lead to increased insurance costs, legal liabilities, and disruptions to operations.	Establishing a strong safety culture can improve employee morale, engagement, and overall organizational performance.
	Non-compliance with health and safety regulations may result in fines, legal consequences, and damage to the company's reputation.	Proactive safety measures can reduce the incidence of workplace injuries, leading to lower medical and insurance costs.
	Poor employee health and well-being can lead to increased absenteeism, reduced productivity, and higher healthcare costs.	Prioritizing employee health and safety can boost productivity, reduce turnover, and attract top talent.
	Incidents related to health and safety can harm the company's reputation, affecting relationships with clients and stakeholders.	Implementing continuous improvement initiatives in health and safety practices can lead to long-term benefits and a positive impact on the company's bottom line.

TOPIC	RISKS	OPPORTUNITIES
Employment, diversity and inclusion	Unfair employment practices or wage disparities can result in reputational damage, impacting relationships with clients, partners, and potential hires.	Ensuring secure employment and equal wages can enhance employee satisfaction, leading to improved productivity and a positive workplace culture
	Non-compliance with labor laws and regulations on employment security and wage equality may result in legal consequences and financial penalties.	Proactively ensuring compliance with labor laws and promoting fair employment practices can mitigate legal risks and enhance the company's ethical standing.
	Failure to offer competitive wages and a secure work environment may make it challenging to attract and retain skilled professionals.	Embracing diversity attracts a broader range of skilled professionals, expanding the talent pool and potentially providing a competitive edge in the automotive industry.
	The lack of awareness or understanding about inclusive practices may hinder the effectiveness of diversity initiatives and their integration into the company culture.	Investing in employee well-being through secure employment and fair wages can cultivate loyalty, reducing turnover and associated recruitment costs.
Working conditions	Extended working hours or poor work-life balance may lead to employee burnout, resulting in decreased productivity, increased absenteeism, and higher turnover rates.	Fostering a healthy work-life balance can improve employee well-being, job satisfaction, and overall productivity.
	Insufficient attention to work-life balance can negatively impact employee satisfaction, potentially leading to disengagement and lower morale.	Establishing effective social dialogue channels can enhance communication between management and employees, fostering a collaborative and supportive work environment.
	Lack of effective social dialogue and engagement with employees may contribute to dissatisfaction, potentially leading to protests, strikes, or other forms of labor unrest.	Recognizing and respecting employees' right to freedom of association and collective bargaining can contribute to positive labor relations and a harmonious workplace
	A lack of communication or collaboration on working conditions may strain employee relations, impacting teamwork and overall organizational cohesion.	Implementing employee well-being programs, including mental health support, can enhance overall job satisfaction and contribute to a positive workplace culture.

TOPIC	RISKS	OPPORTUNITIES
<p>Training and skills development</p>	<p>Failure to invest in training and skills development may result in a skills gap, leaving employees inadequately prepared for evolving job requirements in the automotive industry.</p>	<p>Continuous training allows employees to stay abreast of technological changes, ensuring the company remains competitive and capable of adopting new advancements in automotive services.</p>
	<p>Insufficient training may put the company at a competitive disadvantage, especially in an industry where technological advancements and skill requirements are rapidly changing.</p>	<p>Investing in training and skills development can enhance employee performance, leading to increased productivity, efficiency, and overall job satisfaction.</p>
	<p>Inability to offer meaningful training and development opportunities may make it challenging to attract and retain top talent in a competitive job market.</p>	<p>A well-structured training program supports succession planning by preparing employees for leadership roles, reducing the impact of potential talent gaps.</p>
	<p>Lack of training opportunities can lead to employee disengagement, as employees may feel undervalued or stagnant in their professional growth.</p>	<p>A commitment to training and skills development contributes to a positive employer brand, making the company an attractive choice for prospective employees.</p>
<p>Privacy and data protection</p>	<p>Inadequate data protection measures may expose client or employee data to potential breaches, leading to loss of sensitive information, legal consequences, and reputational damage.</p>	<p>Implementing robust security measures, such as encryption and access controls, can enhance data protection, instill confidence, and meet regulatory requirements.</p>
	<p>Privacy breaches or mishandling of personal information can erode client trust, leading to dissatisfaction and potential loss of business relationships.</p>	<p>Proactively complying with data protection laws and adopting industry best practices can position the company as a responsible and trustworthy service provider.</p>
	<p>Dependence on third-party vendors or collaborators without proper data protection measures may introduce additional risks and vulnerabilities to the company's data security.</p>	<p>Incorporating privacy considerations into the design of systems and services from the outset (privacy by design) can prevent data protection issues and promote responsible data handling.</p>
	<p>Negative publicity resulting from privacy incidents can damage the company's reputation, affecting its competitiveness and client acquisition.</p>	<p>Adopting data minimization practices, collecting only the necessary information for business purposes, can reduce the risk of privacy breaches and ensure responsible data handling.</p>

TOPIC	RISKS	OPPORTUNITIES
<p>Prevention and Detection of Corruption and Bribery</p>	<p>Inadequate prevention and detection measures for corruption and bribery may expose the company to legal consequences, including fines, penalties, and potential legal actions.</p>	<p>Implementing robust anti-corruption policies and procedures demonstrates the company's commitment to ethical business practices, fostering a culture of integrity and compliance.</p>
	<p>Involvement in corrupt practices can lead to severe reputational damage, eroding trust among clients, stakeholders, and the public, potentially impacting business relationships and growth.</p>	<p>Regular monitoring and internal audits help detect and address potential corruption risks within the company's operations and supply chain.</p>
	<p>Corruption within the supply chain, such as bribery in procurement processes, can disrupt the integrity of business operations, affecting the quality and reliability of services provided to automotive clients.</p>	<p>Conducting due diligence on third parties, including suppliers and business partners, helps ensure that the company engages with entities that adhere to anti-corruption standards.</p>
	<p>Employees engaging in corrupt practices may compromise the company's integrity, culture, and internal cohesion, leading to increased turnover, low morale, and reduced productivity.</p>	<p>Conducting regular training programs on anti-corruption measures and ethical conduct empowers employees to make ethical decisions and reduces the likelihood of misconduct.</p>
<p>Payment practices</p>	<p>Late payments to small and medium enterprises (SMEs) can disrupt their cash flow, impacting their ability to cover operational costs, invest in growth, and meet financial obligations.</p>	<p>Offering early payment incentives encourages timely payments, supporting SME partners and fostering a positive business environment.</p>
	<p>Non-compliance with regulations related to timely payments may result in legal consequences, fines, and damage to the company's reputation.</p>	<p>Clearly communicating payment terms and schedules establishes transparency, helping SME partners plan their finances and reducing uncertainty.</p>
	<p>Late payments may lead to decreased morale among suppliers, potentially affecting the quality and performance of goods and services provided to the company.</p>	<p>Exploring collaborative financing solutions, such as supply chain finance, can provide suppliers with access to working capital and ease cash flow pressures.</p>
	<p>Consistent late payments can strain relationships with key suppliers, leading to a loss of trust and potential termination of business partnerships. This disruption may force the company to seek new suppliers, incurring additional costs and time in the procurement process, and potentially causing delays in production and service delivery.</p>	<p>Collaborating with stakeholders, including industry associations and policymakers, to advocate for fair payment practices can contribute to a supportive business environment.</p>

The responsibility for managing impacts, risks, and opportunities is delegated to designated management-level positions. Oversight mechanisms are in place to monitor and guide these positions, ensuring accountability and effectiveness. Moreover, dedicated controls and procedures are implemented to manage impacts, risks, and opportunities. These measures are seamlessly integrated with other internal functions, such as the environmental management system or the health and safety management system, promoting a holistic approach to governance. By 2024, work will be carried out to implement a global Risk Management framework. This scheme will also include the elements of sustainability (risks, opportunities, and impacts) that must be considered when supervising the company's strategy, its decisions on important operations, and its risk management process.

The scope of Formel D Group's risk management and internal control processes concerning sustainability reporting encompasses identifying, assessing, and mitigating risks associated with the company's sustainability performance and reporting obligations. The main features of these processes include establishing clear governance structures, defining roles and responsibilities, implementing control activities to monitor compliance with sustainability standards, and ensuring accurate and reliable reporting of sustainability data.

Formel D Group's risk assessment approach involves a systematic evaluation of potential risks to the company's sustainability reporting objectives, considering factors such as environmental impact, social responsibility, and governance practices. Formel D Group prioritizes risks based on their likelihood and potential impact on its sustainability performance, using criteria such as severity, frequency, and significance to the organization's objectives. This prioritization methodology ensures that resources are allocated effectively to address the most critical sustainability risks.

The main risks identified through its risk assessment process include data accuracy and integrity, regulatory compliance, stakeholder expectations, and reputation management. To mitigate these risks, Formel D Group has implemented robust control measures, such as data validation processes, stakeholder engagement initiatives, and protocols. These controls help ensure the reliability of the company's sustainability reporting and enhance transparency and accountability in its operations.

Formel D Group integrates the findings of its risk assessment and internal controls related to sustainability reporting into various internal functions and processes through a structured approach. This includes incorporating sustainability performance indicators into strategic planning, embedding sustainability criteria into procurement processes, and integrating sustainability goals into performance management frameworks. Additionally, regular communication and collaboration between departments facilitate the dissemination of risk-related information and ensure alignment with organizational objectives.

Formel D Group conducts regular meetings and provides reports to the administrative, management, and supervisory bodies to inform them on sustainability topics. In this regard, reporting frequency and format are tailored to the specific needs and preferences of each body, ensuring timely and relevant information dissemination.



1.5 TAXONOMY REGULATION

In the context of Formel D Group's sustainability report for the year 2023, it is important to highlight that the company is not subject to the obligation to report on indicators of the European Taxonomy. The European Taxonomy, established by the European Union, defines the criteria for determining which economic activities can be considered sustainable in the context of the transition to a greener and more climate-resilient economy.

Given that Formel D Group's core activities do not directly align with the sectors covered by the European Taxonomy and are not subject to its reporting criteria, the company has not included this type of reporting in its sustainability report for the year 2023.

However, it is important to note that Formel D Group remains committed to continuously improving its business practices and integrating environmental, social, and governance considerations into its strategy and operations. Although reporting on the indicators of the European Taxonomy is not specifically required for 2023, the company continues to work on evaluating and improving its sustainability performance, aligning with international standards and best practices in the industry. Formel D Group recognizes the importance of transparency and accountability in sustainability matters and will continue to comprehensively report on its initiatives and achievements in this area in its future sustainability reports.



A large, bold white number '2' is positioned on the left side of the image, set against a teal background that diagonally splits the frame. The background of the entire image shows a landscape with green fields and two wind turbines under a bright, hazy sky.

Environmental information

2. ENVIRONMENTAL INFORMATION

The company emphasizes sustainability in its operations, acknowledging its responsibility towards future generations and society as a whole. Every employee, regardless of their position, is obligated to adhere to Formel D's guidelines, work instructions, as well as local and international regulations pertaining to their respective roles. In this regard, Formel D has a comprehensive corporate policy that serves as the foundational framework for all employees.

This policy governs various aspects including quality, information security, occupational safety, environmental concerns, ethical compliance, and data protection, the following is established:

- Use environmental protection awareness in all areas and at all levels in daily work. Avoid harmful impacts on the environment.
- Foster managers' and employees' environmental understanding to create the conditions for implementation of the environmental management.
- Support and call for an economical use of resources and economic environmental protection in order to ensure a sustainable and positive development of the Formel D Group.
- Use the best available technology as well as our procedures to avoid business disruption and accidents.
- Abide by laws, regulations and customer specifications that are relevant to the environment during our service delivery.
- Support continuous improvement of the environmental management system in all areas.
- Consideration of sustainability criteria in the continuous improvement of our environmental management system while maintaining economic efficiency.

In addition, the company has an Environmental guideline where Formel D Group declares its intentions and principles regarding its general environmental performance, based on which scope for measures and the setting of environmental targets is created. The guideline specifies how mandatory as well as self-imposed environmental goals are achieved in the daily business operations of the Formel D Group .

The company is convinced that the responsible handling and protection of the environment are necessary and important. Therefore, one of its corporate goals is to commit to the sustainable protection of the environment. It is, in consequence, a matter of principle for the company to sustainably establish the environmental concept in all its business areas. This goal is achieved by operating a certified Environmental Management System (EMS) under the requirements of the international standard DIN EN ISO 14001:2015. To maintain the quality and effectiveness of the EMS, it is continuously evaluated, monitored, and improved as needed. In addition, the scope of ISO 14001 will be expanded to Eastern Europe countries during 2024.

The implemented Environmental Management System helps Formel D Group to systematically identify, evaluate, and address potential environmental impacts, risks, and opportunities. Subsequently, plans are devised to minimize negative impacts, maximize positive outcomes, mitigate risks, and leverage opportunities. Measurable KPIs are then established to track progress over time, with regular monitoring and adjustments as necessary.

To foster the environmental management of the company, the sustainability team collaborates with various stakeholders across the organization to identify environmental issues relevant to Formel D Group. By mapping out potential risks and opportunities for each topic, they assess their likelihood of occurrence and severity of impact.

At present, Formel D Group does not have environmental-related or climate-related performance incorporated into the remuneration structure for members of its administrative, management, and supervisory bodies. As such, there is no percentage of remuneration recognized that is linked specifically to environmental-related or climate-related considerations.

However, Formel D Group recognizes the importance of environmental sustainability and is actively exploring ways to integrate environmental-related or climate-related considerations into its remuneration policies in the future.

2.1 CLIMATE CHANGE

2.1.1 Climate risk management

Formel D Group is committed to active climate protection. In decarbonization, the company follows the basic principle that avoidance and reduction take precedence over compensation for greenhouse gas emissions. Climate protection efforts are integrated into existing systems as far as possible. With a systematic approach, Formel D Group aims to promote continuous improvement in areas such as decarbonization, energy efficiency, reuse and recycling, use of renewable energy, and air quality while further developing the company. To achieve its goals, the potential for improvement is identified, and measures are developed and implemented on this basis.

At the corporate level, the Sustainability Committee oversees the management, reporting, and monitoring of climate-related aspects, including energy consumption, greenhouse gas emissions, and climate change impacts. They report this information to the CEO, the CFO, and the Management Team regularly. The risk management process involves continuous awareness and management of risks that may impact the company's productivity. It includes three stages:

1. Risk identification and evaluation



The initial step involves identifying potential risks that could confront the company. These may encompass operational, financial, supply chain, legal and regulatory, and security risks, among others. This process entails identifying and comprehending potential events or circumstances that could adversely impact Formel D Group's objectives, projects, or operations. Gathering information about the company and identifying risk sources across various areas is crucial. To achieve this, analyzing historical data is essential to uncover past instances of uncertainty that translated into risks for the business's profitability. Subsequently, assessing the probability and impact of each risk and prioritizing the most significant ones is necessary. Documenting identified risks and regularly reviewing the list to ensure its currency is necessary. Effective identification aids in readiness for potential challenges and enables informed decisions to strategically mitigate risks or capitalize on them.

The risk evaluation process involves both qualitative and quantitative assessments, which consider probability and impact to ascertain the level of risk. Qualitative analysis serves as a preliminary filter to identify risks requiring more intricate, comprehensive, and advanced scrutiny. Quantitative analysis, on the other hand, entails determining the likelihood of risks occurring and estimating their potential consequences for the company. The resulting assessment of risk severity (critical, high, medium, low) may draw upon historical data or expert judgment and furnish crucial insights for decision-making. In addition, given that risks can evolve, it is imperative to periodically review and update the evaluation to ensure alignment with the organization's risk tolerance levels.



2. Risk management

Formel D Group conducts climate scenario analyses following TCFD recommendations to address future climate risks, aiming to strengthen the company's resilience and adaptability to potential climate impacts. This comprehensive analysis encompasses physical and transitional scenarios, evaluating greenhouse gas effects, climate trends, and policy shifts.

The risk management process entails several steps. Firstly, identifying and evaluating risks, both qualitatively and quantitatively. Subsequently, formulating strategies to address these risks, potentially involving changes to operational processes, supply chains, energy efficiency enhancements, adoption of low-carbon technologies, and fortifying critical asset resilience.

These strategies necessitate careful planning before implementation, followed by developing action plans and response strategies to prevent and mitigate risks. Lastly, controlling plan execution and risk performance through report generation, procedure and policy development, implementation of monitoring mechanisms, and defining key performance indicators (KPIs).



3. Integration of climate risk into risk management

The intention is to incorporate all data gathered during the climate transition and physical risk analysis into the company-wide risk management system as an additional category for ongoing monitoring. The Sustainability Committee will assume responsibility for providing updates, information, or clarifications to the company's risk manager. This entails the Sustainability Committee engaging with local teams and the operations department to assess global implications and planned solutions, facilitating the transfer of this information to the risk committee. With this organizational structure in place, a consistent and bottom-to-top flow of information is anticipated, which is crucial in managing this specific risk area.

2.1.2 Climate change mitigation and adaptation analysis

To assess and understand Formel D Group's mitigation and adaptation efforts to ensure that its strategy and business model are compatible with the transition to a sustainable economy, with the limiting of global warming to 1.5 °C in line with the Paris Agreement, and to achieve climate neutrality by 2050, an exhaustive analysis of climate-related risks and opportunities was conducted during 2023.

This analysis served as the basis for the development of a Climate Strategy in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The objective of the analysis served two purposes: on one hand, the identification of those climatic events that have, or will have in the future, the potential impact on Formel D Group assets and, also the transition climate scenarios that may affect the business activity of the company; and on the other hand, the inclusion of climate risks in the company's risk management. In this regard, the analysis includes three distinct parts:

Physical climate risk analysis

Physical climate risk analysis involves assessing the potential impacts of extreme weather events and long-term climate changes on Formel D Group's operations and assets. These risks can directly damage assets or disrupt operations, posing challenges to the company's viability. This analysis distinguishes between two types of physical risks: acute risks, such as cyclones, hurricanes, floods, and fires, which are intensified by global warming; and chronic risks, resulting from gradual climate changes like rising temperatures and sea levels.

The objective of this analysis was to identify and prioritize climate indicators that could affect Formel D Group, using the latest climate projections. It involves selecting and analysing climatic variables that may impact the company's assets, allowing for anticipation of potential physical impacts. Key components of this analysis include identifying and prioritizing risks, assessing vulnerability, exposure, and likelihood, and quantifying final climate risk per asset. This process enabled Formel D Group to classify and address physical climate risks effectively.

The analysis of the physical climate risks of Formel D Group concluded that for the initial period (Act-2040), the primary climate risks for Formel D Group assets are wildfires and hailstorms, which are anticipated to impact 11% of the total assets analysed. Another significant climate variable posing a risk for the company is rising temperatures, expected to pose a high risk to over 8% of total assets. It is noteworthy that all assets facing high risks due to temperature increases and wildfires are located in southern Spain, where prolonged heatwaves and extreme temperatures exceeding 40 degrees Celsius for over 60 days per year are expected. Additionally, hailstorm events present a notable risk to the company, particularly in Northern Europe and, to a lesser extent, in Mexico. In this scenario, hailstorms pose a medium risk that affects approximately 39% of total assets. For the second period (2041-2070), is remarkable the increase in temperature and wildfire risk (from 8% to 11%, and from 0% to 11% respectively), mainly in the southern area of Spain.



Adaptation measures to physical climate risks

The adaptation measures provide a list of potential initiatives to reduce the vulnerability, exposure, or impact of various climate variables on the company's assets. The goal is to offer an initial set of solutions that enable the operations teams to realistically assess these options. These adaptation recommendations prioritize solutions for climate risks that are feasibly manageable from a corporate standpoint. In this sense, Formel D Group has identified measures to combat temperature rise and extreme heat (for example by installing passive cooling systems), measures against flood events (for example, flood barriers and levees), measures against fires (such as Early Warning Systems), measures against hailstorms (like the use of hail-resistant mesh), and measures against cyclones (for example strengthening buildings and structures against strong winds).

Transition risks and opportunities analysis

Transition risk and opportunity analysis evaluates potential impacts from social, legal, and regulatory changes in response to climate change and the transition to a low-carbon economy. This analysis assessed how various political, legal, and market risks could affect Formel D Group's revenues, operating costs, or investment needs. The aim was to establish measures and strategies aligned with the trend towards decarbonization.

Current guidelines, including those from the Financial Stability Board and the Task Force on Climate-related Financial Disclosures (TCFD), emphasize using scenarios to identify and quantify climate risks. The 2023 analysis of climate risks for the company utilized the IPCC RCP8.5 scenario for assessing physical climate risks and scenarios from the Network for Greening the Financial System (NGFS) for transition climate risks.

The results of this analysis were as follows:

TYPE OF RISK	RISK TITLE	POTENTIAL FINANCIAL IMPACT
Technological	Need for updating machinery running on fossil fuels	High
Technological	Need for EV specialists	Medium
Market	Increased energy costs	Medium
Policy and legal	Higher climate reporting obligations	Medium
Market	Lower demand for parking services due to hail risk	Low
Market	Stranded assets (Petrol Station)	Low
Market	Increased costs of travel	Low

TYPE OF OPPORTUNITY	OPPORTUNITY TITLE	POTENTIAL FINANCIAL IMPACT
Market	Higher demand of quality control services for EV, hybrid or alternative fuel cars/pieces given the initial development of the market	High
Market	Leverage EV knowledge from China producers to the rest of the world sites (in-house training)	High
Market	Increased demand of wind turbines maintenance onshore and offshore	Medium
Technological	Electricity self-consumption via renewable energy	Medium
Market	Decarbonization driven partly by clients	Low

At a general level, it is considered that the company has identified risks and opportunities that can be offset, limiting the positive or negative impact that climate change can have in this regard. Close monitoring of all these risks will be key to identifying those with greater or lesser management potential.

2.1.3 Emissions Reduction Plan

The automotive industry plays a significant role in addressing climate change, with increasing attention from consumers seeking low- or zero-emission vehicles. Regulatory initiatives, such as the EU's proposal to phase out fossil-fuel-powered cars by 2035, underscore the industry's shift toward decarbonization. Adaptation to these changes necessitates collaborative efforts across the industry. Formel D Group is actively preparing for this transition, aligning with its commitment to responsible business practices.

Formel D Group has developed an Emissions Reduction Plan based on the Science-Based Targets initiative (SBTi), in specific, following the Sectoral Decarbonization Approach (SDA). The SDA is a method for setting physical intensity targets that uses convergence of emissions intensity. An intensity target is defined by a reduction in emissions relative to a specific business metric, such as the production output of the company (e.g., tonne CO₂e per tonne product produced).

In this regard, this approach was used because it is good practice to use sector-specific guidance when there is so. Due to the activity sector of Formel D Group, services/commercial buildings have been selected to establish the reduction objectives based on SBTi targets. Based on the SBTi methodology to implement emission reduction targets, and to be in line with the Paris Agreement of 1.5 C, an emission reduction target is established for Formel D Group of 48.5% for Scope 1 emissions, 64.2% reduction for Scope 2 emissions and 59.7% for Scope 1+2 and 1+2+3 total emissions by 2030 in comparison to the 2022 emissions (base year). For Scope 3 emissions, given their individualized treatment, a reduction target of 42% is set by 2030.

Some of the measures proposed to achieve the emissions reduction targets by 2030 are the acquisition of Guarantee of Origin for Natural Gas, the consumption of renewable energy, the auto-production of photovoltaic electricity, the use of rail transport instead of flights, etc.

2.2 ENERGY PERFORMANCE

As a company heavily reliant on various technological processes and office operations, energy is vital for powering machinery, and equipment, and maintaining daily functions. At Formel D Group, fuel consumption is a critical operational focus. The company diligently records the usage of diesel and petrol at its global sites, meticulously tracking consumption from mobile sources like vehicles, forklifts, and similar machinery. Furthermore, Formel D Group monitors the consumption of natural gas across its global facilities, particularly from heating equipment and other fixed machinery that utilize this fuel. The 2023 consumption data is as follows. It should be noted that for some countries, specific Liter values were not available, so the associated fuel consumption costs were used instead. As a result, it is not possible to differentiate between petrol and diesel consumption in these instances:

COUNTRY	GASOIL (LITERS)	PETROL (LITERS)	NATURAL GAS (KWH)
Czech Republic	9.820	66.674	44.029
France	56.581	4.834	
Germany	188.673	120.867	1.439.128
Hungary		49.340	
Mexico		25.127	
Morocco		4.082	
Poland		39.353	
Romania	17.878	100.388	16.563
Slovakia		42.570	44.980
Turkey		17.075	
USA		22.912	3.774
TOTAL	272.952	493.222	1.548.474

Energy consumption is also carefully monitored as part of the company's sustainability and operational efficiency efforts. The company tracks electricity usage across its global sites, encompassing facilities, offices, and operational areas. This includes monitoring consumption patterns, implementing energy-saving initiatives, and striving for continuous improvement in energy efficiency practices. The 2023 consumption data is as follows:

COUNTRY	TOTAL (KWH)	RENEWABLE (KW)	NON-RENEWABLE (KWH)	RENEWABLE (%)
Brasil	2.121	0	2.121	0%
China	1.813.583	0	1.813.583	0%
Czech Republic	24.296	0	24.296	0%
France	11.648	0	11.648	0%
Germany	1.304.731	601.601	703.130	46%
Hungary	17.495	0	17.495	0%
Mexico	3.285	0	3.285	0%
Morocco	799	0	799	0%
Romania	2.150	0	2.150	0%
Slovakia	14.019	0	14.019	0%
Spain	70.515	60.500	10.015	86%
UK	32.233	32.233	0	100%
USA	57.957	0	57.957	0%
TOTAL	3.354.832	694.334	2.660.498	21%

It should be noted that only the sites directly rented by Formel D Group are considered. In some countries energy consumption data (fuel and/or electricity) is yet to be obtained. Formel D Group is actively working to establish a procedure for obtaining and reporting energy data, ensuring that all countries can uniformly report their energy consumption in future exercises. Additionally, in some countries, it was not possible to determine if their electricity consumption was from renewable sources or not.

Recognizing the environmental impact of this consumption, Formel D Group is actively developing initiatives to enhance its energy efficiency. Through projects aimed at reducing electricity consumption, such as implementing energy-efficient technologies, optimizing processes, and promoting energy-saving behaviours among employees, the company is committed to mitigating its carbon footprint while simultaneously improving operational sustainability.

In this sense, Formel D Group has initiated training programs aimed at training qualified technicians in Western Europe and Africa and Central and Eastern Europe regions. These technicians will specialize in maintaining and repairing the intricate electrical systems of electric vehicles (EVs), which demand unique expertise compared to traditional internal combustion engine vehicles. By investing in these programs, Formel D Group contributes to building the necessary infrastructure for the automotive industry's decarbonization.

Additionally, Formel D Group offers employees the opportunity to lease bicycles at a discounted rate through its company program. This initiative provides employees with a selection of bicycles, including e-bikes, city bikes, mountain bikes, and racing bicycles, promoting environmentally friendly commuting options while encouraging a healthy lifestyle among the company's workforce. Additionally, there is an option to obtain a public transport ticket in Germany at a discounted rate.



New Energy Data Dashboard

During 2023, Formel D has worked on implementing a new energy data dashboard for managing energy-related data, as well as establishing a homogeneous methodology across all geographical locations for data collection. The dashboard, developed in-house by Formel D, is tailored to the company's needs and specific requirements.

The first year of implementation of the new dashboard has yielded very positive results, such as streamlining the process of collecting energy data and water consumption for greenhouse gas emissions calculation. The plan is to gradually expand the dashboard's scope to include the management of other environmental indicators.

2.3 GHG EMISSIONS

The Carbon Footprint represents the total Greenhouse gases emitted directly or indirectly by an organization, product, or event, serving as a critical environmental indicator. Formel D Group annually calculates its carbon footprint as part of its commitment to reducing GHG emissions. This process is essential for evaluating the company's impact on climate change and identifying opportunities to mitigate environmental effects through operational strategies. The methodology used by Formel D Group is based on the GHG Protocol Corporate Accounting and Reporting Standard, a methodology that is recognized by the EU under the Corporate Sustainability Reporting Directive (CSRD), and specifically within the ESRS E2 Climate Change. The GHG Protocol provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory, where it is set that for calculating CO2 emissions, two types of limits must be established: organizational boundaries and operational boundaries.

The organizational boundary set for the GHG emissions inventory includes all emissions from facilities and vehicles under Formel D Group's operational control. This encompasses all facilities, activities, and departments where Formel D Group has the authority to implement financial and operational policies. The inventory accounts for all GHG emissions and/or removals from these facilities under the company's operational oversight. Regarding operational boundaries, this entails identifying emissions associated with operations by categorizing them as direct or indirect emissions and determining which ones will be included in the analysis of greenhouse gas (GHG) emissions. In this regard, the scopes and categories included within Formel D Group's emissions inventory are:

SCOPE 1 – DIRECT EMISSIONS	MOBILE COMBUSTION OF FOSSIL FUELS
	STATIONARY COMBUSTION OF FOSSIL FUELS
SCOPE 2 – INDIRECT EMISSIONS	EMISSIONS FROM THE GENERATION OF CONSUMED ELECTRICITY
	EMISSIONS FROM THE GENERATION OF CONSUMED HEATING
SCOPE 3 – OTHER INDIRECT EMISSIONS	WASTEWATER EMISSIONS FROM OPERATIONS
	BUSINESS TRAVEL
	TRANSPORT AND DISTRIBUTION OF ELECTRICITY
	DISTRIBUTION OF HEATING ENERGY
	WELL-TO-TANK FOSSIL FUEL EMISSIONS

Scope 1 – Direct emissions

Direct emissions occur from sources owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc. Based on the data provided in this report's "Energy performance" section, Formel D Group's Direct emissions in 2023 were 2.092,14 tCO₂e.

SCOPE 1 DIRECT EMISSIONS	GASOIL	PETROL	NATURAL GAS
Consumption	272.952 Liters	493.222 Liters	1.548.474 kWh
Tonnes of CO₂e	305,53	1.034,52	752,09

Scope 2 – Indirect emissions

Scope 2 accounts for emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. There are two approaches to calculating Scope 2 emissions:

- **Market-Based Approach:** This method calculates emissions based on the company's energy-specific contracts, such as green energy certificates or renewable energy agreements. It reflects the emissions from the energy a company has chosen to purchase.
- **Location-Based Approach:** This method calculates emissions based on the average energy mix of the grid in the location where the energy consumption occurs. It reflects the regional grid's overall emissions intensity, regardless of any specific energy contracts a company might have.

These approaches provide different perspectives on a company's energy-related emissions, with the market-based approach highlighting the impact of purchasing decisions and the location-based approach reflecting the broader energy context. Based on the data provided in this report's "Energy performance" section, Formel D Group's Indirect emissions in 2023 were as follows:

SCOPE 2 INDIRECT EMISSIONS	ELECTRICITY
Consumption	3.354.832 kWh
Tonnes of CO₂e Market-based	1.349,58
Tonnes of CO₂e Location-based	1.575,61

Scope 3 – Other indirect emissions

Scope 3 is a category that allows for other indirect emissions treatment. Scope 3 emissions are a consequence of the company's activities but occur from sources not owned or controlled by the company.

Wastewater emissions from operations

Since the company does not have evaporation processes nor treat inbound wastewater, it is assumed that all consumed water is ultimately directed to public or semi-private wastewater treatment facilities. Formel D Group is actively working to establish a standardized procedure for collecting water consumption data from all the countries in which operates

It should be noted that there is a shared meter in certain offices, which difficulties the acquisition of consumption data. For 2023, water consumption data has been obtained from the following countries, amounting to a total of 22,055 m³, which corresponds to 4.44 tCO₂e.

COUNTRY	WATER CONSUMPTION (M3)
Brazil	9
China	18.787
Czech Republic	114
Germany	2.764
Mexico	114
Romania	81
Slovakia	69
Spain	27
UK	90
TOTAL	22.055

Business travel

This category encompasses emissions from employee travel for business purposes, such as flights, train journeys, car rentals, and hotel stays. These emissions are significant as they account for the carbon footprint generated by corporate travel activities, contributing to the overall environmental impact of the organization. For the calculations, only air travel data has been included, as structured data for land transport by car and train has not been accessible. Formel D Group is actively working to establish a standardized procedure for collecting all the necessary data. In 2023, business travel accounted for 831,84 tCO₂e.

Transport and distribution of electricity & Distribution of heating energy

An important component of Scope 3 emissions includes all greenhouse gas emissions from the transportation and distribution losses associated with consumed electricity and heating. This category employs a lifecycle assessment approach, focusing on upstream emissions from the products consumed by the organization. Consumption data is provided in the "Scope 1 - Direct emissions" and "Scope 2 - Indirect Emissions" sections. Based on this data, in 2023, the emissions associated with the transport and distribution of electricity and the distribution of heating energy amounted to 10,56 tCO₂e.

Well-to-tank fossil fuel emissions

Well-to-tank emissions refer to the greenhouse gas emissions produced during the extraction, refining, and transportation of fossil fuels before they are used by the organization. These emissions are a crucial part of Scope 3, as they account for the upstream environmental impact associated with the company's consumption of fossil fuels. In 2023, the emissions associated with the consumption of fossil fuels were 522,09 tCO₂e.



Total GHG emissions

A summary of Formel D Group's CO₂e emissions data for 2023 is presented in this section. Formel D Group is committed to increasing the amount of data collected and enhancing its quality to provide a carbon footprint that is as accurate as possible.

DATA POINT	UNIT	2023
Scope 1 – Direct emissions		
Total scope 1 GHG emissions	Tonnes CO₂e	2.092,14
Scope 2 – Indirect emissions		
Total scope 2 GHG emissions Market-Based	Tonnes CO₂e	1.349,58
Total scope 2 GHG emissions Location-Based	Tonnes CO₂e	1.575,61
Scope 3 – Other indirect emissions		
C3: Fuel- and energy-related activities	Tonnes CO₂e	532,65
C5: Wastewater generated in operations	Tonnes CO₂e	4,44
C6: Business travel	Tonnes CO₂e	831,84
Total GHG emissions (Market-Based)	Tonnes CO₂e	4.810,65
Total GHG emissions (Location-Based)	Tonnes CO₂e	5.036,68

GHG Intensity

This section presents the most representative performance indicators that quantify emissions concerning Formel D Group's activities. These indicators are essential for monitoring the company's progress in the coming years. The following indicators are considered as key performance indicators:

- Emissions based on revenues generated (tCO2e/M€)
- Emissions based on total number of employees (tCO2e/employee)
- Emissions based on floor area of sites (tCO2e/m2)

DATA POINT	UNIT	2023
Emissions based on revenues generated	Tonnes CO2e / Mn €	13,82
Emissions based on total number of employees	Tonnes CO2e / employee	0,96
Emissions based on floor area of sites	Tonnes CO2e / m2	0,18

Additionally, in 2023, no GHG removal projects using carbon credits were carried out, nor were any internal carbon pricing measures applied. Nevertheless, Formel D Group is actively developing projects to enhance the company's environmental management practices.

Circular economy: Formel D Group's Donation to Maseka Kekereke Ti Bè Africa

In a gesture of corporate social responsibility, Formel D Group in France donated unused IT equipment to a charity association named Maseka Kekereke Ti Bè Africa. This association works towards improving the education system for young people in the Central African Republic. Their mission is to provide access to education in decent conditions to as many people as possible.

Sustainable initiatives in car wash facilities

In 2024, Formel D Group will expand its commitment to sustainability by implementing innovative solutions in car wash operations across its facilities in Germany and China. These locations are equipped with advanced filtering and recycling facilities, significantly reducing water consumption and environmental impact. Notably, in Ahlhorn, Germany, Formel D Group introduced a new car wash facility designed to save approximately 150 Liters of water per wash. This initiative aligns with the company's long-term sustainability goals, demonstrating a proactive approach to resource conservation and operational efficiency.





3

Social information

3. SOCIAL INFORMATION

3.1 OWN WORKFORCE

Employees are of paramount importance to Formel D Group. They constitute the base of the company's operations and are integral to its success. Their dedication, expertise, and commitment drive the organization forward, enabling it to deliver high-quality services and solutions to its clients. Formel D Group recognizes that its employees are its most valuable asset, and as such, it prioritizes their well-being, professional development, and engagement.

The company understands that a motivated and skilled workforce is essential for maintaining competitiveness, fostering innovation, and achieving sustainable growth. Therefore, Formel D Group invests in programs and initiatives aimed at nurturing talent, promoting a positive work culture, and ensuring that employees feel valued and supported in their roles. By empowering its employees, Formel D Group strengthens its position as a leader in its industry and reinforces its commitment to delivering excellence to its stakeholders.

In the double materiality analysis carried out, Formel D Group has identified four material ESG topics related to Formel D Group's workforce: Employment, diversity, and inclusion; Working conditions; Training and skills development; and Worker's health and safety. By addressing these key themes in the double materiality analysis, Formel D Group demonstrates its commitment to creating a supportive and inclusive work environment that prioritizes the health, safety, and professional development of its employees, ultimately contributing to the company's long-term success and sustainability.

However, Formel D Group's reliance on its workforce presents potential risks and opportunities for the company. The productivity and performance of its employees are crucial for operational efficiency and service delivery, with insufficient staffing or skills gaps potentially hindering productivity and client satisfaction. Moreover, the quality of Formel D Group's services hinges on the skills and dedication of its workforce; inadequate training or experience may lead to errors that harm the company's reputation. However, a diverse workforce with varied skills fosters innovation and adaptability, enabling the company to respond effectively to industry developments.

Ensuring employee health and safety is essential to mitigate risks associated with workplace accidents or health issues, as neglecting worker safety can lead to legal liabilities and reputational damage. High turnover rates can disrupt operations and increase recruitment costs, but effective retention strategies can enhance employee loyalty and stability. Furthermore, employee conduct is integral to maintaining regulatory compliance and ethical standards, as instances of misconduct or non-compliance can have legal and reputational ramifications.

By prioritizing employee development, fostering a positive work environment, and ensuring compliance, Formel D Group can mitigate risks and leverage opportunities associated with its workforce, enhancing its resilience and competitiveness.



3.1.1 Employment, equality, diversity, and inclusion

Formel D Group values equality, diversity, and inclusion in its workforce, understanding that a diverse team brings unique perspectives and contributes to innovation and creativity. The company is committed to creating an inclusive workplace where all employees feel valued, respected, and empowered to reach their full potential, as well as fair compensation for all employees.

With the ambition to be a diverse and inclusive organisation, Formel D Group needs to take any potential barriers that could be formed during the hiring process, as well as to address any kinds of bias that may occur. In this regard, a recruitment process has been established to address any unintentional biases.

Unbiased Recruitment process

1 Objective Criteria: To prevent any type of discrimination or bias during the hiring process, the recruiters use objective criteria to select the candidate that is most suitable for the position. In the first stage, the recruiters will sort all applications based on purely objective criteria, which have been established beforehand as indicators of good candidates. These criteria are always linked to the job, such as required education, experience, or certifications.

2 4-eye Protocol: When the candidates make it to the interview round, they are always subject to the 4-eye protocol. This means that all interviews should be conducted by at least two representatives of Formel D Group, of which at least one is an HR representative. During this stage, more subjective criteria might come into the decision-making process, such as the candidate's motivation or fit with the company/team. These criteria allow to identification of the best candidate out of a selection of equally qualified people. At this stage, the HR representatives are at all times responsible for preventing any type of discrimination or selection bias.

3 Documentation: The entire decision-making process is documented, so that all decisions can be justified and evaluated. The documentation is subject to strict data protection policies and complies with data protection regulations such as the General Data Protection Regulation (GDPR).

3.1.1.1 Equality, diversity, and inclusion

Formel D Group's own workforce includes individuals who are in an employment relationship with the company (referred to as "employees") and non-employees, such as external contractors and professional service providers. As of 31 December, the total number of employees of Formel D Group was 6.241, and the total number of non-employees working at Formel D Group was 5.501 people.

Formel D Group has a high diversity of nationalities, as the company operates in 21 countries. This diverse workforce presents opportunities and challenges for Formel D Group. On the positive side, the company benefits from a global perspective and cultural competence, leveraging insights from employees of various nationalities to understand and navigate international markets effectively. Additionally, diversity fosters innovation and creativity, as employees bring different experiences and ideas to the table, driving the development of innovative solutions.

However, managing a diverse workforce across multiple countries also comes with its own set of challenges. For instance, time zone variations can potentially hinder collaboration and coordination. Furthermore, navigating diverse legal and regulatory frameworks in different jurisdictions can pose compliance risks for the company, requiring careful attention to ensure adherence to labour laws, employment regulations, and cultural norms. Maintaining a cohesive corporate culture and sense of unity among employees dispersed across multiple countries also requires concerted efforts to bridge cultural divides and foster a shared sense of identity and purpose.

Equality plan in Spain

Due to Spanish regulatory requirements, Formel D Group has developed a Gender Equality Plan that sets out a strategy to further reduce inequalities between 2022-2026. Through this analysis, it has been identified that female representation in the workforce is lower than that of males.

This lower representation of women can be attributed to several factors, such as the fact that the automotive industry has historically been dominated by men. Since its inception, there has been a deeply ingrained culture of masculinity in this sector, making it difficult for women to enter and progress within it. Nevertheless, Formel D Group is committed to improving gender representation in the sector by encouraging women to apply for job openings, both externally and for internal promotions. Additionally, financial audits are conducted to ensure that both genders receive equal pay for similar roles.

The Equality Plan in Spain serves as an inspiring example for the entire company. That's why Formel D Group aims to replicate this initiative in the other countries where the company operates.

Total number of employees by gender and by country, as of December 31st:

BY HEAD COUNT	2023		2022		VARIATION (%)	
	Women	Men	Women	Men	Women	Men
Canada	0	5	0	5	0%	0%
USA	51	249	53	247	-4%	1%
Mexico	186	224	235	328	-26%	-46%
Brazil	389	740	387	825	1%	-11%
Germany	234	956	284	1002	-17%	-5%
France	105	125	134	164	-28%	-31%
Spain	214	247	197	223	8%	10%
Belgium	20	13	20	14	0%	-8%
UK	32	150	33	167	-3%	-11%
Poland	178	189	236	215	-33%	-14%
Slovakia	22	45	27	45	-23%	0%
Italy	6	47	8	33	-33%	30%
Hungary	132	113	175	130	-33%	-15%
Romania	229	253	191	241	17%	5%
Türkiye	166	209	87	142	48%	32%
Morocco	9	38	11	41	-22%	-8%
Czechia	32	23	35	22	-9%	4%
China	230	439	277	564	-20%	-28%
South Korea	2	9	2	10	0%	-11%

At Formel D Group, there is a steadfast commitment to fostering an inclusive work environment that values and respects the diversity of all individuals, including those with disabilities. The company endeavours to provide them with equal opportunities for success, which is why the Company's Code of Conduct as well as the Company Policy are designed to be inclusive and non-discriminatory, ensuring fair treatment of employees with disabilities in all aspects of employment. Efforts are made to create a physical and digital workplace environment accessible to all employees, irrespective of their abilities. This includes providing ramps, accessible restrooms, and ergonomic workstations. In addition, recognizing that employees with disabilities may require reasonable accommodations, the company offers flexible work schedules, modified tasks or equipment, and other personalized accommodations as needed. In Formel D Group there is a commitment to continuously improving efforts to support employees with disabilities and foster an inclusive workplace culture. This involves soliciting feedback and reviewing policies and practices for enhancement.

BY HEAD COUNT	2023		2022		VARIATION (%)	
	Women	Men	Women	Men	Women	Men
People with disabilities	19	41	25	46	-32%	-12%

Recognizing that employees of different ages may have varying needs and preferences, Formel D Group offers flexible work arrangements such as telecommuting, flexible hours, and part-time options. This allows employees to balance work and personal commitments, accommodating different life stages and preferences. Furthermore, Formel D Group fosters a culture of collaboration and teamwork among employees of different ages, encouraging cross-generational projects and initiatives to leverage diverse perspectives and experiences in driving innovation and problem-solving. By embracing age diversity and implementing inclusive practices, Formel D Group creates a vibrant and dynamic workplace that maximizes the potential of its multi-generational workforce to achieve organizational goals and success in today's rapidly evolving business landscape.

BY HEAD COUNT	2023		2022		VARIATION (%)	
	Women	Men	Women	Men	Women	Men
Employees under 30 years old	671	1174	737	1164	-10%	1%
Employees 30-50 years old	1064	1879	1089	1778	-2%	5%
Employees over 50 years old	502	1021	566	1476	-13%	-45%

3.1.1.2 Fair and equal pay

Fair compensation is recognized as a pivotal tool in securing favourable working conditions and fostering economic growth, all while mitigating global inequalities. In this sense, diligent efforts are made to ensure that all employees receive compensation commensurate with their counterparts in similar roles, and that the wages are in line with applicable benchmarks in each country. In this regard, at Formel D Group, the salary review process is conducted globally to ensure that salaries remain competitive and aligned with industry standards across all countries of operation. Annually, comprehensive reviews are carried out to assess and adjust salaries as needed to meet collective agreement levels and market rates for the sector. These reviews are integral to the company's commitment to fair and equitable compensation practices. Following the evaluations, any salary adjustments are implemented, ensuring timely and transparent communication with employees regarding their compensation. In addition, in collaboration with its strategic partners, who supply project-based temporary workers, the company strives to guarantee that all individuals working at Formel D Group, whether directly or indirectly, are remunerated fairly. Formel D Group is actively working to establish a common procedure with uniform criteria for obtaining salary and pay gap data for its employees. This effort aims to ensure consistent and comparable reporting across all geographies. The company is committed to reporting this data in future reports.

3.1.1.3 Additional benefits

In its commitment to fostering a sustainable and equitable workplace environment, Formel D Group offers a comprehensive range of additional employment benefits aimed at supporting the physical, financial, and emotional well-being of its employees. These benefits include:

- Tailored health insurance coverage: Depending on the country of operation, Formel D Group provides additional health insurance coverage to ensure that employees and their families have access to high-quality medical care. The company considers healthcare a fundamental service that all employees should have access to, and where necessary, supplementary coverage is provided to ensure comprehensive healthcare access.
- Promotion of sustainable transportation: Formel D Group encourages sustainable modes of transportation by offering employees a public transport allowance and the option to lease bicycles at discounted rates. This initiative not only reduces the company's carbon footprint but also promotes healthier lifestyle choices among employees.
- Family-related opportunities: Recognizing the challenges of balancing work and family responsibilities, Formel D Group provides financial assistance for childcare expenses. This initiative contributes to a better work-life balance and promotes equality by offering support to both fathers and mothers, enabling them to progress in their careers. Additionally, the company offers family-related leave opportunities in many countries, allowing employees to take time off as caretakers when needed.

Formel D Group views these additional employment benefits as integral components of creating a sustainable and supportive workplace culture. The company is committed to continuously evaluating and enhancing its benefits package to meet the evolving needs of its employees.

3.1.1.4 Prevention of discrimination

Formel D Group has targeted the eradication of discrimination within its Employee Code of Conduct, where it is stated that Formel D Group employs people of different origins and levels of experience due to their sense of conviction. All Bodies and employees of Formel D Group are obliged to create an atmosphere of respectful cooperation and to prevent any discrimination, especially on the grounds of race or social, national, or ethnic origin, sex, religion or belief, disability, age or sexual identity, and to report immediately to the responsible authorities in the company. Discrimination also includes unequal payment of remuneration for work of the same value between employees. Any form of discrimination by Bodies and employees of Formel D Group is prohibited in any case.

Total number of incidents of discrimination all year round:

	2023		2022		VARIATION (%)	
By head count	Women	Men	Women	Men	Women	Men
Number of incidents of discrimination (including harassment)	1	0	3	1	-200%	-100%

Total number of complaints and amount of fines all year round:

	2023	2022	VARIATION (%)
By number			
Complaints to raise concerns (including grievance mechanisms) - Total	7	10	-43%
Complaints to raise concerns (including grievance mechanisms) - Resolved	4	3	25%
Amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	0	0	0%
Reconciliation of such monetary amounts disclosed with the most relevant amount presented in the financial statements	0	0	0%

3.1.2 Talent, training, and career development

Talent, training, and skills development play a crucial role in the success and sustainability of Formel D Group. Investment in talent and provision of comprehensive training programs enhance individual capabilities while bolstering the overall competitiveness and resilience of the company.

At Formel D Group, despite the absence of a formal policy, annual identification of the skills necessary for employees' daily tasks occurs. This process is facilitated through meetings held with employees, providing them with the opportunity to express the training they would like to pursue for skill enhancement.

Fostering a culture of continuous learning and development empowers the workforce to adapt to evolving industry trends, technologies, and challenges. This proactive approach ensures employee engagement and retention of top talent. Furthermore, equipping employees with necessary skills and knowledge enhances operational efficiency, innovation, and quality across all business areas. Prioritizing talent, training, and skills development is not merely a strategic imperative but a commitment to long-term growth, sustainability, and success for Formel D Group.

3.1.2.1 Talent attraction

At Formel D Group, efforts are ongoing to ensure that employees feel valued and motivated, thereby enhancing retention rates and talent attraction. Employees are gradually entrusted with increased responsibilities to foster professional growth, enabling them to apply acquired skills and receive direct feedback in their daily tasks. As a service organization, attracting talent with the appropriate skills and motivation for future workforce needs is crucial. Policies and initiatives such as continuous improvement in equal opportunities hiring, career development programs, and employee benefits are in place to ensure workforce readiness.

Proactive recruitment strategies, employer branding efforts, and competitive compensation packages reflect Formel D Group's commitment to attracting top talent. By showcasing the company culture, values, and growth opportunities, skilled professionals are drawn to align with the company's vision and goals. Additionally, diversity and inclusivity are prioritized in hiring practices to create an environment welcoming individuals from diverse backgrounds and perspectives. This approach strengthens the workforce and fosters innovation and creativity within the company. Ultimately, talent attraction is integral to maintaining competitiveness in the market and achieving long-term success for Formel D Group.

Engaging with Future Talent at the Absolventenkongress 2023

On the 23rd and 24th of November, Formel D Group's Recruiting Team participated in the "Absolventenkongress" in Cologne, Germany. The event provided an opportunity to connect with remarkable talents in the industry, as the team engaged in over 400 insightful conversations at the booth, discussing the future of the automotive industry and discovering incredible talent within the community.



Additionally, diversity and inclusivity are prioritized in hiring practices to create an environment welcoming individuals from diverse backgrounds and perspectives. This approach strengthens the workforce and fosters innovation and creativity within the company. Ultimately, talent attraction is integral to maintaining competitiveness in the market and achieving long-term success for Formel D Group.

Connecting, Learning, and Leaping

Formel D Group is dedicated to nurturing talent through equal opportunity practices, career programs, and individual development support. The company emphasizes engagement with young talents through initiatives like the "Connecting, Learning – and Leaping!" approach and the upcoming "Azubi-Studi-Deutschland-Tag". Formel D Group enhances collaborations with educational institutions, promoting brand awareness for potential talents. Internships and traineeships offer hands-on experience, with top performers considered for permanent roles. This comprehensive approach ensures that Formel D Group continues to attract, retain, and develop a talented workforce capable of driving long-term sustainable growth.

3.1.2.2 Training, and career development

Formel D recognizes the importance of investing in the continuous development of its employees' skills and capabilities. Through training programs and opportunities for professional growth, the company empowers its workforce to adapt to evolving industry trends, enhance their competencies, and drive innovation and excellence within the organization.

Formel D Group allows employees from any background to learn new skills, implement their ideas, and make career progress throughout the company. The organization looks beyond education and enables everyone with the right work ethics and motivation to take on new responsibilities. This approach enables employees to learn on the job and ascend through the company.

Regular performance and career development reviews are conducted for all employees. These reviews serve as opportunities for receiving constructive feedback on performance, discussing career aspirations, and setting professional development goals. This approach aims to support employees in reaching their full potential and achieving career objectives within the company.

Formel D Group is working on establishing a common data collection procedure across all geographies. This will enable the company to provide comprehensive data on training and career development for the next sustainability report.

Career development within Formel D Group: the case of some of our colleagues

Tom Wagener – From Administrative to Quality Specialist for the North Region of the U.S.

After finishing school in 2017, Tom Wagener started working in Formel D Group on the launch of the Ford Fiesta in Cologne, handling administrative tasks for five months. He then spent 2018 supporting and coordinating the Launch of the Ford Focus in Saarlouis. Following a break, he resumed his career in 2020 as a working student, focusing on strategy and digitalization in the Business Development department in Formel D Group. That same year, he began a dual study program through the company, which he completed over three years. In 2023, Tom joined the Quality Management team, and by 2024, he became a Quality Specialist for the North Region of the U.S.

Teresa McKinney – From Finance Manager to Finance Director Americas

Teresa McKinney's journey with the company began in 2017 when she joined as the Finance Manager for the US & Canada. Her strategic insight, financial acumen, and leadership skills were quickly recognized. In 2021, Teresa's exceptional performance earned her a promotion to Finance Director for the Americas.

Teona Anania – From Project Manager to Technical Director in UK

Teona Anania started her career with the company as a Project Manager, where her technical expertise and project management skills quickly became evident. Recognizing her potential and contributions, the company promoted Teona to Technical Director UK in 2023.

Evan Zhang – From Product Manager to Vice President Asia

Evan Zhang joined the company as a Product Manager in 2012. Within the same year, his technical proficiency and leadership capabilities led to his promotion to Technical Director. In April 2017, Evan's outstanding performance earned him another promotion to Director of Operations. His consistent dedication and strategic vision culminated in his promotion to Vice President Asia in 2019. Evan now oversees the company's operations across Asia, driving growth and operational excellence.

3.1.3 Working conditions

Formel D Group strives to provide favorable working conditions that promote employee satisfaction and productivity. This includes factors such as reasonable working hours, and appropriate facilities, ensuring a conducive environment for optimal performance, and well-being. At Formel D Group, fostering a positive work environment is a priority. This is achieved through various initiatives such as team-building activities, workshops, and company meals. Team-building events provide opportunities for employees to bond and collaborate outside of their usual work settings, strengthening teamwork and camaraderie. Workshops offer avenues for skill development and personal growth, enhancing job satisfaction and overall well-being. Additionally, company meals encourage social interactions among colleagues, fostering a sense of community and belonging within the organization. These initiatives not only contribute to a pleasant and supportive work atmosphere but also enhance employee morale, engagement, and productivity at Formel D Group.

Total number of employees by type of contract, as of December 31st:

BY FULL-TIME EQUIVALENT (FTE)	2023	2022	VARIATION (%)
Permanent employees	5,617	6,151	-10%
Non-guaranteed hours employees	65	85	-31%

Total number of employees by type of contract, as of December 31st:

	2023		2022		VARIATION (%)	
	Women	Men	Women	Men	Women	Men
By head count						
Number of employees who left the company	1.882	3.747	1.971	3.143	-5%	16%
Number of new employees hired	1.727	3.403	No data Available	No data Available	No data Available	No data Available

Breakfast bonding in Slovakia and Christmas party

At Formel D, fostering team spirit is a priority. In Slovakia, they aim to have breakfast gatherings each month, where each time two colleagues prepare breakfast for everyone. Additionally, after several years of restrictions, the team was finally able to celebrate together with a festive Christmas party.



Netball tournament in Czech Republic

In November 2023, Formel D Czech Republic organized a netball tournament, bringing the team together for a fun and competitive event. This initiative was part of their ongoing efforts to promote teamwork and physical well-being among employees. The tournament provided an excellent opportunity for staff to bond and unwind outside of the usual work environment, strengthening their sense of camaraderie and team spirit.



Formel D Group's football game in the UK

Formel D in the UK organized a football game as part of their team-building activities. This friendly match brought employees together for a fun and energetic event, fostering teamwork and camaraderie among colleagues.



3.1.3.1 Employee engagement

Formel D Group has implemented several initiatives aimed at enhancing employee engagement and fostering communication. For example, employees are welcome to send emails directly to managers, including the management board and the CEO, through a dedicated mailbox. This approach enables employees to obtain more information about decisions that affect them and share their ideas for improvement directly with decision-makers. The CEO has the function and is the most senior role within the company that has operational responsibility for ensuring that this engagement happen.

Another initiative is the organization of townhall meetings, where executive board members connect directly with employees to provide updates on company affairs. These meetings often cover financial updates, key project developments, and organizational changes. Currently, Formel D Group conducts Global Townhall meetings twice a year, allowing all employees worldwide to participate. Additionally, regional townhall meetings are being introduced, providing employees with opportunities to receive news and share feedback with their local colleagues. Also, it's worth mentioning that Formel D Group employees regularly hold regional meetings, workshops, and forums organized by the Vice President of each region.

In addition, the communications department has initiated a newsletter and email notifications program aimed at keeping employees informed about Formel D Group's latest developments. These newsletters cover various topics, including employee interviews, corporate initiatives, performance updates, and employee volunteering projects. They contribute significantly to building a stronger corporate culture and fostering an engaged global community.

Asia Regional Team Building event

From March 7th to March 9th, 2024, the company held its Annual Conference in Dali, Yunnan. The purpose of this annual event was to summarize the previous year's work achievements, recognize outstanding employees and teams, set new development goals and plans for the coming year, and lay a solid foundation for the company's future growth. In addition, team-building activities were carried out.



In this regard, Formel D Group ensures an open and accessible communication environment for its workforce by implementing multiple channels for employees to raise concerns and needs directly. These include the anonymous whistleblower channel, the compliance officer in each country, and management personnel. Additionally, Formel D Group maintains a grievance/complaint handling mechanism specifically tailored to address employee matters. This mechanism enables employees to report concerns or issues they may encounter in the workplace.

2023 Western Europe and Africa Forum

During March 27-29th 2023, Formel D Group celebrated the Western Europe and Africa Forum at its offices in Barcelona, Spain. It was the first time this meeting was held between the representatives of all the countries of the Formel D Group WEA region: Spain, Italy, Belgium, France, Morocco, and the United Kingdom. Formel D Group took advantage of this occasion to exchange ideas and expertise. At the same time, projects were presented, and synergies were created with functional and strategic areas such as Sales Back Office, IT, and Corporate Communication.



In cases where the company has caused or contributed to a material negative impact on its workforce, it adopts a structured approach to providing or contributing to remedy. This involves assessing the remedy's effectiveness, ensuring it addresses the concerns raised, and implementing follow-up procedures to monitor the outcome. Furthermore, Formel D Group actively supports the availability of these channels in the workplace through open communication.

Formel D Group tracks and monitors the issues raised through the involvement of the Internal Audit Committee and the Compliance Committee. These committees play a pivotal role in overseeing the effectiveness of the channels established for employees to raise concerns and needs. They conduct regular assessments and audits to ensure that the channels are functioning as intended and that issues raised are appropriately addressed.

3.1.3.2 Workers' representatives and collective bargaining agreements

Formel D Group has established workers' representatives in the form of work councils, which play a crucial role in incorporating employee perspectives into managerial decisions. These work councils possess three primary rights to influence the company's decision-making processes. Firstly, they are entitled to receive information about all decisions that may impact employees. Secondly, they have the authority to compel the company to involve them in decision-making processes concerning topics affecting workers. Lastly, they retain the right to veto decisions made by the company's management. The company's collaborative relationship with the work councils fosters mutual benefits for both employees and the Group.

In addition, there are also collective bargaining agreements in place which are legally binding documents negotiated between employers and labour unions or employee representatives on behalf of a group of workers. These agreements outline the terms and conditions of employment for the workers covered by the agreement in topics such as wages, benefits, working hours, leave policies, health and safety standards, and other workplace conditions.



Percentage of employees covered by collective bargaining agreements, as of December 31st:

BY HEAD COUNT (%)	2023	2022	VARIATION (%)
Canada	0	0	0%
USA	0	0	0%
Mexico	0	0	0%
Brazil	1.129	1.212	-7%
R	122	122	0%
France	230	298	-30%
Spain	461	420	9%
Belgium	33	34	-3%
UK	0	0	0%
Poland	0	0	0%
Slovakia	0	0	0%
Italy	53	41	23%
Hungary	0	0	0%
Romania	482	432	10%
Türkiye	0	0	0%
Morocco	0	0	0%
Czechia	0	0	0%
China	0	0	0%
South Korea	0	0	0%

* Note: Non-employees, such as external contractors and professional service providers, are not included.

Percentage of employees entitled to take family-related leave, as of December 31st:

	2023		2022		VARIATION (%)	
By headcount	Women	Men	Women	Men	Women	Men
Employees entitled to take family-related leave (%)	100%	100%	100%	100%	0%	0%



3.1.3.3 Human rights within the company's own workforce

Formel D Group is committed to upholding human rights within its own workforce. Formel D Group's Employee's Code of Conduct ensures compliance with internationally recognized standards as it follows its general principles (such as UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises).

Within the Employee's Code of Conduct is stated that Formel D Group respects human dignity and is committed to maintaining and protecting human rights. The Bodies and employees of Formel D Group are obliged to ensure these universal rights are observed. This applies not only to the cooperation within the company, but of course also to the behaviour towards business partners.

Formel D Group's human rights commitment affirms its wish to respect the rights of all individuals within its workforce. This includes but is not limited to, ensuring fair wages, safe working conditions, non-discrimination, and the right to freedom of association and collective bargaining. In addition, Formel D Group places great emphasis on fostering open communication and engagement with its workforce. Through regular dialogue, feedback mechanisms, and employee surveys, the company seeks to understand and address the needs and concerns of its employees effectively.

In the event of any human rights impacts, Formel D Group is committed to providing appropriate and effective remedies. This includes establishing grievance mechanisms for employees to report concerns confidentially and without fear of retaliation.

Formel D Group's procedures regarding its workforce are aligned with relevant internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. Specifically, in its Employee's Code of Conduct is stated that Formel D Group does not tolerate child labour or any kind of exploitation of children and adolescents.

The minimum age for being hired may not be below the age at which compulsory education ends and in no case below 15 years of age. In addition is also stated that Formel D Group rejects any kind of forced labour. The body or employee must be directly or indirectly forced to work by employing violence and/or intimidation. Employees are only to be employed if they have volunteered for employment. The Bodies and employees of Formel D Group are obliged to prevent any form of forced labour.

Number of Human Rights related incidents all year round:

	2023		2022		VARIATION (%)	
	Employees	Non-employees	Employees	Non-employees	Employees	Non-employees
Number of severe Human Rights incidents	0	0	0	0	0%	0%
Total amount of fines, penalties and compensation for damages for the Human Rights incidents	0	0	0	0	0%	0%
Reconciliation of the monetary amounts disclosed in the most relevant amount in the financial statements	0	0	0	0	0%	0%

3.1.4 Worker's health and safety

Formel D Group recognizes the paramount importance of ensuring a safe and healthy work environment for its employees. In this regard, At Formel D Group, three main goals are established as part of the Health and Safety strategy: (I) preventing occupational injuries, illnesses, and diseases through hazard identification, risk evaluation, and control measures; (II) promoting a healthy lifestyle through initiatives and corporate culture; and (III) ensuring that operations are safe for both people and the environment.

By prioritizing Formel D Group's own workforce's health and safety, the company aims to minimize occupational hazards and risks, fostering a culture of well-being and productivity. That is embedded within the Company's Corporate Policy, where the following is established:

- Recognize risks and hazards timely and eliminate or reduce negative effects.
- Protect employee well-being and manpower for the long term with workplaces that are state of the art and fulfil all legal requirements.
- Support occupational health and safety awareness in all our employees and managers through regular training.
- Engage employees, customers, and suppliers actively in the organization of their work environment.
- Achieve continuous improvement of health and safety management by measuring the effectiveness of defined measures.



3.1.4.1 Occupational safety

Formel D Group has a specific Health and Safety Policy that clarifies accident prevention for all employees as a priority concern for Formel D Group. This policy is designed to endeavour to maintain a safe and injury/illness free workplace. A workplace must be provided that is free from hazards that may cause illness, injury or death to employees. In this regard, the workplace must be ergonomically designed so that it is adapted to the employees and the employees do not have to adapt to the workplace. Formel D Group and its management are dedicated to ensuring the health and safety of all employees. Ensuring that every employee can return home safely at the end of each day is Formel D Group's top priority. The company firmly believes that employee safety is paramount, alongside considerations such as quality, production, and cost-control. In this sense, the following principles underpin this philosophy:

- Prevention: All injuries and accidents can be prevented through the establishment and adherence to safe work procedures.
- Priority: Prioritizing the prevention of bodily injury and the preservation of health is fundamental in all workplace activities, and it is the responsibility of every employee at every level.
- Planning: Written safety plans outlining safe work practices and procedures for all workplace activities are essential components of our overall workplace safety program. Every employee at every level is accountable for understanding and adhering to the safety practices outlined in these plans.

To implement the policies, Formel D Group has a global occupational safety management system certified to DIN ISO 45001:2018 (first certification in 2019, current certificate valid until 14th April 2025), ensuring compliance with these requirements in all its operating facilities. All employees and non-employees are covered by health and safety management system.

It is the responsibility of the company to establish an effective and continuous safety program incorporating educational and monitoring procedures maintained to teach safety, correct deficiencies, and provide a safe, clean working environment. All company supervisors, managers, and officers are responsible for the enforcement of safety policies and practices. They must ensure that their staff members are trained in appropriate safety procedures, including chemical-specific training as required; the safety training is repeated at least annually; they notify the Safety Specialist, and complete forms if an accident or work-related problem occurs in their department; and that the equipment and property within their area of responsibility is maintained in a safe, hazard-free condition.

On the other hand, all employees are required to immediately stop working in any instance where they feel safety or health is in jeopardy; comply with all federal, state, and local rules and regulations relevant to their work; observe all company rules and regulations related to the efficient and safe performance of their work; integrate safety into each job function and live by this philosophy in the performance of their job duties; report or correct unsafe equipment and practices; and report any accidents or near miss that occur while on the job.

Supervisors are directly responsible for the enforcement of all company safety policies, and they must ensure that employees under their direct supervision are trained in the appropriate safety practices and procedures and that they always follow safe work practices in their daily work. If an employee is found to be violating safe work practices or procedures, the supervisor is responsible for disciplining the employee and reinforcing the correct method of work. Discipline will depend on the severity of the safety rule infraction and can range anywhere from a verbal reprimand to a written warning to suspension or even dismissal.

Accident Reporting Procedure

- 1 Employees injured on the job are to report the injury to the supervisor (if possible) as soon as possible after an incident/accident. All accidents must be reported prior to the end of the employee's shift. Near-miss accidents or incidents should be reported as well; i.e., when an employee nearly has an accident but is able to avoid it.
- 2 The supervisor is to complete the company Accident Report Form with the employee, any witnesses, and/or other relevant people as soon as possible after the accident is reported.
- 3 The supervisor is to immediately notify Human Resources and provide a copy of the written accident report as soon as possible after the accident.
- 4 Any employee witnessing the accident at work is to call for emergency help or whatever assistance appears to be necessary. In addition, the employee is to immediately report the accident to his or her supervisor and take part in answering questions related to the Accident Report and Accident Investigation.

In addition, Formel D has an Emergency Plan whose objective is to comply with the Occupational Safety and Health Administration's (OSHA) Emergency Action Plan Standard and to prepare employees for dealing with emergencies. This plan is designed to minimize injury and loss of human life and company resources by training employees, procuring and maintaining necessary equipment, and assigning responsibilities. This Plan applies to all emergencies that may reasonably or possibly occur at Formel D.

Data related to Health and Safety, as of December 31st:

	2023		2022		VARIATION (%)	
	Employees	Non-employees	Employees	Non-employees	Employees	Non-employees
Number of fatalities as a result of work-related injuries	0	0	0	0	0%	0%
Number of fatalities as a result of work-related ill health	0	0	0	0	0%	0%
Number of recordable work-related accidents	109	No data Available	68	No data Available	38%	No data Available
Number of cases of recordable work-related ill health	0	0	0	0	0%	0%



Return to Work program

The Company has a Return to Work (RTW) program in place. This is a 3–6-month initiative that pairs injured employees with dedicated RTW coordinators. This voluntary program enables injured employees to return to work safely and as soon as possible upon the doctor's recommendation.

Formel D Group provides employees with information regarding Hazard Communication training requirements, any operations in their work area involving hazardous chemicals, and the location of the written hazard communication program, chemical listing, and safety data sheets.

Training may be provided either on the job or in a classroom setting, before first exposure to the hazardous material, and covers categories of hazards (e.g. flammability) and specific chemicals. In this regard, employee health and safety training includes:

- Methods for detecting the presence or release of a hazardous chemical in the work area.
- Measures employees can take to protect themselves from hazards, such as work practices, emergency procedures, and personal protective equipment.
- Safety data sheets, and how employees can obtain and use the appropriate hazard information.
- Physical and health hazards of chemicals used in the work area.
- Details of the hazard communication program, including the labelling system

Standing Strong with Morocco: Supporting Earthquake Relief Efforts

In 2023, Formel D Group demonstrated solidarity with Morocco following a recent earthquake, extending heartfelt condolences to all those affected by the tragic event. The company prioritized the safety and well-being of its employees in Morocco and their families, ensuring they remained safe during the challenging time.

To support the community in Morocco, Formel D Group initiated remarkable efforts to aid earthquake relief efforts. On September 21st, Thomas Revillard, VP of Formel D Group Western Europe & Africa, and Jaouad Bendhar, Responsible regional, selflessly donated blood at the Kenitra blood donation center, setting an inspiring example of solidarity and compassion.

Additionally, Mostafa Zouyhel, Country Manager of Formel D Group Morocco, along with other staff members, had already taken the initiative to donate blood prior to the event, showcasing their selflessness and dedication to supporting their community.

Furthermore, Formel D Group Morocco pledged to contribute to earthquake relief efforts by donating funds to NGOs working on-site. The company also welcomed contributions from other affiliates, emphasizing collective efforts to make a meaningful impact and support those affected by the tragedy.



3.1.4.2 Healthy lifestyle

Promoting a healthy lifestyle within Formel D Group is crucial, as it contributes to the overall well-being and satisfaction of employees. When employees are physically and mentally healthy, they are better equipped to perform their tasks efficiently and effectively. Promoting a healthy lifestyle in the company is not only beneficial for the individuals involved but also for the organization, fostering a positive and sustainable work environment.

To support the health and well-being of employees, Formel D Group has implemented several initiatives, including contracts with companies that provide programs and workshops on maintaining health. These programs cover various topics such as physical health, mental health, and stress management, aimed at helping employees maintain a healthy work-life balance. In addition, complimentary drinks and fruits are provided at some offices to encourage healthy choices throughout the day, aiming to foster healthy eating habits and ensure employees remain hydrated and energized.

Promoting Well-Being and Connectivity: Monthly Newsletters

In the UK, Formel D Group promotes employee well-being through the distribution of a monthly mental health newsletter and an HR newsletter. These newsletters provide valuable information, resources, and support to help maintain a healthy and informed workplace. The mental health newsletter focuses on offering tips, strategies, and resources to support employees' mental well-being. Meanwhile, the HR newsletter keeps employees updated on company policies, benefits, and events, ensuring everyone is well-informed and connected.



Embracing Wellness: Formel D's "Keep Moving Challenge"

In 2023, Formel D Group launched the "Keep Moving Challenge" as part of its commitment to employee well-being and promoting a culture of wellness within the organization. This annual sports challenge took place in Germany from May 1st to 28th and saw remarkable participation from 140 enthusiastic employees, organized into 28 teams.

The initiative aimed to encourage physical activity and foster team spirit among employees while emphasizing the importance of leading a healthy lifestyle. Participants collectively covered a total distance of 1,644 kilometres, spanning from Stuhr to Ahlhorn, connecting various cities where Formel D Group's subsidiaries are located.



4

Governance information



4. GOVERNANCE INFORMATION

4.1 CORPORATE CULTURE AND COMPLIANCE

Formel D Group is committed to maintaining a robust corporate culture through the diligent efforts of its Compliance team. This team is led by the Chief Compliance Officer (CCO), who is supported by a Compliance Specialist and external consultants, such as legal advisors, providing specialized expertise on various issues. In addition to this global team, there are Local Compliance Officers in each country or region who report directly to the CCO. The CCO, in turn, reports to the Managing Directors or, in exceptional cases, directly to the Chairman of the Audit Committee. The primary responsibility of the Compliance team is to create, sustain, and enhance the corporate culture within the organization.

However, maintaining a strong corporate culture is not the sole responsibility of the Compliance team. All employees play a crucial role in upholding correct conduct and corporate culture through their honest attitude and behavior. Each team member is expected to act with integrity and contribute to a work environment that reflects the company's values and standards.

Employees must consider three key aspects in their work:

- Compliance with local, national, and international regulations in various matters.
- Adherence to the regulations set by the client for whom Formel D Group is working, including the client's Code of Conduct, contractual stipulations, and policies.
- Observance of Formel D Group's regulations, particularly the Code of Conduct, the Anti-Corruption Policy, and the Cartel Law Policy.

To achieve this, the Compliance team places a strong emphasis on effective communication. They have recently initiated the distribution of compliance newsletters that provide updates on company policies, introduce local compliance officers, and offer an email address that works as a whistle-blower channel. Additionally, to ensure comprehensive reach, the team has facilitated the dissemination of informative posters displayed across all facilities. These posters are crucial for communicating with employees who do not have access to a work computer or email, thereby ensuring that all staff members are informed about compliance matters. Formel D Group is seeking a digital solution that will allow all its users to receive these communications and updates in a digital environment, enabling quicker information updates. This solution is particularly important for blue-collar workers who may not have regular access to computers or emails during their work shifts.

Through these communication efforts, Formel D Group's Compliance team ensures that every employee, regardless of their role or location, is aware of and adheres to the company's standards and policies.



4.1.1 Prevention and detection of corruption and bribery

Formel D Group is committed to upholding the highest standards of integrity and ethical behaviour through its comprehensive anti-corruption and bribery prevention policies. Central to these efforts is the Code of Conduct, which was updated in 2023 to reflect the latest best practices and regulatory requirements. The Code of Conduct, which will be reviewed yearly, outlines the principles and expectations for all employees to ensure honest and transparent business dealings.

In addition to the Code of Conduct, Formel D Group has implemented several key policies to prevent corruption and bribery, such as the Anti-Corruption Policy, the Supplier Code of Conduct, and the Cartel Law Policy. These policies collectively ensure that Formel D Group maintains a culture of integrity and compliance, safeguarding the company's reputation and fostering trust with clients, partners, and stakeholders.

Key Aspects of the Code of Conduct

Conflicts of Interest

Formel D Group expects its bodies and employees to be loyal to the company. They must avoid situations where their personal and financial interests interfere with the interests of Formel D Group. Specifically, they are prohibited from participating in the business of competitors, suppliers, or customers, or from entering business relations with them in a private environment if such participation could influence their work for Formel D Group in any way. This includes any economic involvement with competitors, suppliers, or customers, as well as significant collaborations such as mandates, advisory relations, or contracts. Additionally, bodies and employees of Formel D Group are not allowed to enter into business relations—directly or indirectly—with employees of Formel D Group or their relatives.

Competitive Behavior

It is part of Formel D Group's company policy to promote and ensure fair competition. Formel D Group rejects any anti-competitive behaviour. As a body or employee of Formel D Group, you are particularly obliged not to make any illegal agreements, such as price agreements, market share agreements, division of regional markets, and price fixing. Likewise, all bodies and employees of Formel D Group are obliged not to exchange confidential or competition-relevant information in any contact with competitors. Violations of competition law regulations are to be avoided without exception. Details and specific rules of conduct can be found in the "Cartel Law Policy," available on the Formel D Group intranet.

Corruption

As a body or employee of Formel D Group, you may not grant any personal benefits to national or international officials (gifts, invitations, etc.), even if such benefits are of low personal value. Similarly, you may never offer or grant personal benefits to bodies or employees of another company or a third party in the context of business activities, nor claim or accept personal benefits from such individuals in the context of business activities. All bodies and employees of Formel D Group are obliged to prevent any sign of bribery or corruption at all costs. Details and specific rules of conduct can be found in the "Anti-Corruption Policy," available on the Formel D Group intranet.

Prohibition of money laundering and terrorism financing

Formel D Group urges all bodies and employees not to take any action that may violate rules against money laundering and financing of terrorism, both domestically and internationally. Formel D Group aims to conduct business solely with reputable partners who operate in compliance with legal provisions. Therefore, the company carefully verifies the identity of its business partners, assigns incoming payments to the corresponding services without delay, and posts them accordingly. Formel D Group ensures transparent and open cash flows. If any kind of suspicious behavior from business partners is observed, it must be reported immediately to the Chief Compliance Officer.

Anti-Corruption Policy

Currently undergoing an update to enhance its effectiveness, this policy sets forth the guidelines and procedures to prevent corrupt practices and ensure compliance with relevant anti-corruption laws and regulations.

Active corruption (bribery, granting of advantages) and passive corruption (corruptibility, acceptance of advantages) constitute serious criminal offenses. Such behaviours can lead to severe sanctions and other significant consequences for both individuals and Formel D Group as a whole. To safeguard Formel D Group and its corporate bodies and employees from these forms of corruption, the company has established a comprehensive set of provisions within its Anti-Corruption Policy.

As a body or employee of Formel D Group, no personal benefits may be granted to national or international officials (gifts, invitations, etc.), even if such benefits are of low personal value. Similarly, no personal benefits may be offered or granted to bodies or employees of another company or a third party in the context of business activities, nor can personal benefits be claimed or accepted from such individuals in the context of business activities.

As a corporate body or employee of Formel D Group, accepting personal benefits (e.g., invitations to restaurants or events, gifts, personal discounts, or other favours) from current or potential business partners for oneself or for persons close to them (e.g., spouses and partners, relatives, friends) is generally prohibited (only under certain circumstances and limits it is permitted). This applies even if there will be no change in behaviour towards a business partner.

In addition, when dealing with any service provider/supplier, the following must be considered:

- The service provider/supplier must be selected in a transparent and documented process. Internal approval processes (e.g., 4-eyes-principle) must be adhered to within this procedure.
- Before a service provider/supplier acts for or on behalf of Formel D Group, an agreement in text form must be concluded with the service provider/supplier. In this agreement, the services to be provided by the service provider/supplier and the remuneration to be paid for them must be specified in detail and precisely. This also means that the remuneration to be received by the service provider/supplier must be documented in the agreement in exact figures or percentages at the time the agreement is signed.
- There must be meaningful documentation that proves the activity of the service provider/supplier (such as activity reports, delivery notes, or goods receipt logs).

Compliance with this policy will be monitored with general controls as well as special controls, if necessary. These measures, however, do not release Formel D Group's corporate bodies and employees from their obligations arising from this policy.

Any violation of this policy, including participation in the concealment of violations, may have labour law-related consequences. Formel D Group expects its corporate bodies and employees to report violations and considers relevant information for the benefit of the reporting party, even if it participated in the violations itself.

Supplier Code of Conduct

For the selection of new suppliers and the assessment of new and existing supplier relations, Formel D Group places great importance on economic criteria as well as environmental protection, human rights, labour and social standards, anti-discrimination, and anti-corruption requirements. The company combines economic success, social responsibility, and environmental protection in its business operations. This approach enables Formel D Group's supplier to meet the present and future demands of society.

Cartel Law Policy

Also, in the process of being updated, this policy is designed to ensure the German and EU cartel rights are respected within Formel D Group, as far as their business activities may have consequences within the Federal Republic of Germany or the rest of the European Union. The main purpose is to prevent violations of cartel law provisions by establishing binding guidelines.

In this sense, a key element of prevention is that all employees are aware of the basic requirements of cartel law and that they comply with their daily routines.

4.1.2 Whistleblowing

To report potential violations or non-compliant behaviourism and protect employees, Formel D Group has established a Whistleblowing Procedure and assigned Navex Global, an external and experienced service provider, to handle concerns anonymously, confidentially, and free of charge. Navex Global is a completely independent organization with objective personnel trained in dealing with sensitive matters. Employees can confidentially and anonymously use the external online portal or phone call.

Any information shared with Navex Global will be forwarded to the Chief Compliance Officer and the Compliance Specialist. They will investigate the matter without compromising the individual in any way. Once a report is submitted, Navex Global will provide a unique code number to track the status of the report or to provide further information if desired. At the special request of the whistleblower, Formel D Group will provide a female compliance officer as a contact person in individual cases.

To report a suspicious situation or an incident, employees can:

- Use Navex Global's external online portal or telephone number.
- Contact the Chief Compliance Officer of the Formel D Group Group.
- Contact their Local Compliance Officer.

In this regard, the Chief Compliance Officer and the local Compliance Officers are independent and impartial in their compliance activities and are obliged to maintain confidentiality according to their appointment. Whistleblowers may require the Compliance Officers to protect their identity and not disclose any information that could reveal their identity. Therefore, only the competent Compliance Officers have access to relevant data (e.g., compliance mailbox and compliance folder structure). The whistleblower can choose to report anonymously or by providing their details.

The principle of the presumption of innocence applies. Investigations are carried out neutrally and impartially, and prejudice of those affected will not be tolerated. Accused persons will be informed that they have been reported unless this jeopardizes the follow-up of the report. Accused persons will be allowed to comment and defend themselves.

4.2 DATA PROTECTION AND INFORMATION SECURITY

Security and confidentiality are of paramount importance to Formel D Group. The company is committed to ensuring the protection of personal data and maintaining the highest standards of data privacy and information security, both physical and digital.

This commitment is backed by a dedicated privacy team that works closely with the information security and information technology teams tirelessly to prevent breaches and safeguard sensitive information. By integrating comprehensive data protection and information security measures, supported by proactive teams, Formel D Group is dedicated to maintaining a secure and trustworthy environment for all stakeholders.

Data Protection

Personal data protection is a critical aspect of Formel D Group's security framework. The company adheres to stringent data protection regulations to ensure that all personal information is handled with the utmost care. Measures are in place to secure personal data against unauthorized access, misuse, and disclosure. Employees are trained on data protection policies and procedures to maintain a high level of awareness and compliance across the organization.

Information Security Management & IT Security

Formel D Group prioritizes the security of all information, whether physical or digital. Physical security measures include access controls, surveillance systems, and secure storage solutions to protect sensitive documents and assets. Digital security involves robust cybersecurity protocols, including encryption, firewalls, and intrusion detection systems, to protect electronic information from cyber threats. In addition, this team is responsible for implementing and managing security measures to prevent data breaches and ensure the confidentiality, integrity, and availability of information. The IT Security Team conducts regular risk assessments, monitors for potential threats, and responds swiftly to any security incidents to mitigate risks and protect the organization's valuable assets.

4.2.1 Data protection

In today's digital age, the protection of personal data has emerged as a paramount concern for organizations worldwide. With the increasing prevalence of cyber threats and evolving regulatory landscapes, safeguarding the privacy and security of personal information has become imperative. Formel D Group recognizes the significance of data protection in maintaining trust with its customers, employees, and stakeholders.

Acknowledging the profound impact of data breaches on individuals and businesses alike, Formel D Group has made data protection a top priority within its operations. By prioritizing the responsible handling and management of personal data, Formel D Group aims not only to comply with legal requirements but also to uphold ethical standards and reinforce its commitment to privacy and confidentiality.

Through ongoing efforts and investments in data security infrastructure, employee training, and compliance frameworks, Formel D Group strives to create a culture of data protection excellence across its operations. Formel D Group has implemented robust data protection measures, encompassing both regulatory and technical and organizational aspects, to mitigate risks and ensure the integrity and confidentiality of personal information. In addition, the Data Privacy Staff conducts risk assessments on specific processing activities and where necessary, reports the security requirements to information security for implementation.

In this context, Formel D Group is compliant with the reporting requirements of Personal Data Breaches in all applicable countries where Formel D Group processes personal data, including but not limited to, the European Union's General Data Protection Regulation (GDPR) 2016/679 and protecting the safety and rights of Data Subjects including ensuring the integrity of data.

Formel D Group has established a comprehensive Data Breach Response Team, consisting of experts from various departments such as Information Technology, Quality Management, Compliance, Legal, and other relevant operational functions. Whether convened in-person or virtually, this multi-disciplinary team is dedicated to swiftly addressing any suspected or alleged Personal Data Breach that poses a high risk to the rights and freedoms of data subjects.

The Data Privacy Staff (comprising of the external Data Protection Officer (DPO) and internal Data Privacy Specialist), the team's primary objective is to deliver an immediate, efficient, and proficient response to safeguard Formel D Group's data. It is the responsibility of the executive management team to verify that the contact details of each member of the Data Breach Response Team are kept up to date and stored in a central location.



In the event of a breach, the Data Breach Response Team may collaborate with external parties, such as information security vendors for digital forensics tasks or communication agencies for crisis management support. Moreover, Formel D Group has instituted a Data Privacy Committee, comprising experienced professionals from Executive Management, Information Technology, Quality Management, and other pertinent operational areas. Together, these teams work cohesively to uphold Formel D Group's commitment to data protection and ensure a proactive approach to managing data breaches.

Formel D Group has a procedure that must be followed for successfully managing the internal reporting of a suspected/actual Personal Data Breach. In this regard, any Formel D Group employee who identifies an incident involving Personal Data must notify the Data Privacy Staff via email. The Data Privacy Staff documents the incident in the Data Incident Report, with the assistance of the employee, where required. Then, the Data Privacy Staff, assesses the impact and criticality of the incident by doing the following:

- Determines if the incident should be considered a breach affecting Personal Data under national requirements.
- Conducts a proper and impartial investigation and ensures the appropriate documentation and conclusion.
- Conducts on each step of information gathering a risk assessment and initiates appropriate measures.
- Identifies remediation requirements.
- Reports findings to the Data Breach Response Team, where necessary.
- Coordinates internal and external communications as required, including the reporting to the Supervisory Authorities, if required.

The Data Privacy Staff documents all decisions and findings in the Data Incident Report and conducts a risk assessment and stores them in the Data Privacy department drive. Where necessary, the Data Privacy Staff will report safety incidents to clients in line with its legal and/or contractual obligations.

As previously mentioned, Formel D Group ensures that all employees receive adequate training and instruction to uphold data privacy principles and comply with legal requirements. The training programs are tailored based on the specific risks, nature, and extent of data processing activities performed by individuals, taking into consideration the context of such processing. Additionally, the type of technical and organizational measures (TOM) implemented is considered in determining training needs. For instance, roles involved in data privacy management or IT security entail heightened training requirements.

4.2.1.1 Data Subject Rights Requests

The protection of individuals' Personal Data processed by Formel D Group is a core principle for the company. To ensure compliance with relevant laws, including the European Union's General Data Protection Regulation (GDPR) and local data protection laws, Formel D Group has established a procedure outlining principles and actions for handling Data Subject Rights Requests (DSRR).

Formel D Group employees seeking to submit a DSRR can do so by completing the Data Subject Rights Request Form and sharing it with the Data Privacy Staff (DPS) or by sending an email directly to the DPS or DPO. If necessary, data subjects may need to validate their identity, for employees, this entails providing sufficient information to the DPS, confirming that they are the Data Subject or their legal representative.

Before reviewing the DSRR, the DPS ensures that the request has a lawful basis. Additional information may be requested from the Data Subject to clarify the specifics of their request, if necessary. Responses to Data Subjects requesting access to their data are provided within 30 calendar days of receiving the DSRR unless local legislation dictates otherwise.

The finalized response, along with any retrieved information or a statement confirming that Formel D Group does not hold the requested information, is sent via email, unless an alternative delivery method is specified by the requestor (e.g., post). Information is transmitted securely through encrypted email attachments or secure access cloud storage. If sent via post, information is securely sealed and sent with recorded delivery. The DPS maintains records of DSRR and Data Subject Disclosure Forms for a minimum of 3 years or as required by applicable laws, ensuring their secure destruction thereafter.

4.2.2 Information Security Management & IT Security

Formel D Group has a Global Information Security Manager (GISM) and a Security-Team in the IT Department in place, responsible for ensuring that the company's information security practices meet high standards and maintaining the Information Security Management System (ISMS) for obtaining the Trusted Information Security Assessment Exchange (TISAX) certification at currently 14 locations. These TISAX certifications are a requirement of the OEMs – it means that the Formel D Group cannot fulfill certain orders for certain OEMs without these certificates.

The primary objectives of having an ISMS at Formel D Group are multifaceted. Firstly, the ISMS ensures the confidentiality, integrity, and availability of the company's sensitive information. This involves protecting information from unauthorized access, ensuring its accuracy and completeness, and making it available when needed.

Compliance with TISAX standards is a key responsibility. The team in charge of the ISMS coordinates and manages periodic assessments required to obtain and maintain TISAX certification, ensuring adherence to industry-related norms. Additionally, this team is responsible for developing, implementing, and maintaining comprehensive information security policies, procedures, and controls that align with industry best practices.

Risk management is another critical aspect. The Information Security team is in charge of the ISMS identifies and evaluates information security risks across the organization and develops action plans to mitigate these risks effectively. In the event of security incidents, the ISM team leads the response efforts, ensuring preparedness, conducting investigations, and implementing corrective measures to prevent future occurrences.

Moreover, this team plays a vital role in conducting internal and external audits of the ISMS to ensure continuous compliance with TISAX certification and other security requirements. Continuous monitoring of Formel D Group systems and networks is also essential to detect and respond to security threats promptly.

At a global level, the GISM ensures that information security practices are consistent and standardized across all locations and business units. Acting as a key interface with stakeholders, the GISM addresses all information security concerns, maintaining strong relationships with business locations, business partners and customers.

Innovation and continuous improvement are also important. By evaluating and adopting new technologies and practices, the ISMS helps enhance Formel D Group's information security posture. Implementing continuous improvement processes allows the company to adapt and strengthen its security programs in response to emerging challenges and threats.

In addition to having an ISMS, another very important asset for information security is Formel D Group employees. As stated in the Formel D Group Code of Conduct, all employees must ensure a fast and smooth exchange of information within the company. Any knowledge relevant to the job may not be withheld, distorted, or selectively forwarded without a justifying reason. Information must be passed on correctly and completely to other business areas unless there are overriding interests in exceptional cases (e.g., confidentiality agreements).

Business and trade secrets (e.g., technical data, business-related sound, picture, and video recordings, financial data, company data, customer information) must be treated confidentially by the bodies and employees of Formel D Group. This also applies to other information in which Formel D Group, its contract partners, or customers have a legitimate interest. Such information may only be used for legitimate purposes that are in the interest of Formel D Group and may not be given to external third parties without permission.



In this regard, Formel D Group has an IT security guideline that applies to all permanent employees, contractors, and temporary workers of the Formel D Group who need access to corporate information and/or information systems. Employees must read, understand, and accept the terms stipulated in the guideline by signing the employment contract, and they must comply with them.

The guideline states that the technical equipment (hardware) provided to the employee for performing their IT-assisted tasks is the property of the company, along with the data stored on it. This includes desktops, laptops, tablets, mobile phones, and all IT equipment needed to carry out their tasks, such as storage devices of all kinds (USB drives, external hard drives, memory cards, etc.). If the hardware, especially laptops and tablets, is used outside the company premises, it must be equipped with physical theft protection when necessary and available.

Regarding software, employees are not authorized to install or uninstall software or applications without prior approval or consent from Formel D Group IT unless they are available in the company portal. All corresponding requests for the installation or uninstallation of software or applications not available in the company portal must be submitted through a ticket to the IT ServiceDesk.

Additionally, to establish guidelines for the use of corporate information on social media, Formel D Group has approved a social media policy.

To ensure that all employees understand the importance and consequences of information security, Formel D Group is preparing an information security training program that will be offered yearly.

Social Media Policy

The Social Media Policy has been meticulously crafted to empower employees with the knowledge and understanding of their rights, obligations, and the pivotal role they play in projecting a positive and authentic representation of the Formel D Group brand in the social media sphere. The policy outlines guidelines and expectations for all employees regarding the use of social media platforms on behalf of Formel D Group, emphasizing professionalism, protection of confidential information, and the preservation of the company's reputation while engaging in social media activities.

4.3 PAYMENT PRACTICES

Formel D Group has established a structured and efficient process for handling invoices, ensuring accuracy and timely payments while maintaining clear communication with relevant departments. All invoices are received in a designated mailbox. If an invoice lacks approval, it is forwarded to the responsible individual for authorization. To ensure these invoices are tracked and not overlooked, they are recorded in an inbox.

An invoice can be posted once it has been approved or the goods have been received in the Warehouse Processing System (WPS). The payment deadline specified on the invoice is also recorded at the time of posting. This deadline ensures that invoices are automatically included in the weekly payment runs managed by SAP if they are due. In cases where invoices become due between two payment runs, urgent invoices can be manually set for payment, usually in consultation with the relevant department.

If invoices are not paid on time and reminders are received, they are directed to the "reminder" mailbox and processed daily. If there is an approval or goods receipt for these overdue invoices, they are posted and settled in the next payment run. Urgent cases may be handled with manual payments.

If an invoice cannot be posted due to lack of approval or other issues (such as incorrect details), the matter is clarified with the service provider to resolve any discrepancies. By implementing these practices, Formel D Group ensures a seamless and transparent invoice processing system, maintaining financial accuracy, and fostering good relationships with service providers.



APPENDIX I: DISCLOSURE REQUIREMENTS ACCORDING TO THE CSRD AND ESRS

The tables below outline all ESRS disclosure requirements in ESRS 2 and the three topical standards that are material to Formel D Group, guiding the preparation of the Sustainability Report. Disclosure requirements in the topical standards E2, E3, E4, E5, S2, S3 and S4 have been omitted as they fall below Formel D Group's materiality thresholds. If no information is available for a disclosure requirement, it is not referenced.

CONTENT	DISCLOSURE REQUIREMENT	SECTION IN THE SUSTAINABILITY REPORT
ESRS 2. GENERAL DISCLOSURES		
Basis for preparation	BP-1 - General basis for preparation of sustainability statements	1.1 Basis for preparation of this Report
	BP-2 - Disclosures in relation to specific circumstances	1.1 Basis for preparation of this Report
Governance	GOV-1 - The role of the administrative, management and supervisory bodies	1.3.1 Board Structure
	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.2.3 Sustainability management
	GOV-3 - Integration of sustainability-related performance in incentive schemes	1.2.3 Sustainability management
	GOV-4 - Statement on due diligence	1.3.2 Statement on due diligence
	GOV-5 - Risk management and internal controls over sustainability reporting	1.2.3 Sustainability management 1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting
Strategy	SBM-1 - Strategy, business model and value chain	1.2 Strategy, business model and value chain
	SBM-2 - Interests and views of stakeholders	1.2.5 Interests and views of Formel D's key stakeholders
	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting
Impact, risk and opportunity management	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Double materiality assessment
	IRO-2 - Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Appendix: Disclosure requirements according to the CSRD and ESRS

CONTENT	DISCLOSURE REQUIREMENT	SECTION IN THE SUSTAINABILITY REPORT
ESRS E1 CLIMATE CHANGE		
General disclosures	GOV-3 Integration of sustainability-related performance in incentive schemes	1.2.3 Sustainability management
Strategy	E1-1 – Transition plan for climate change mitigation	2.1.2 Climate change mitigation and adaptation analysis
	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business mode	1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting
Impact, risk and opportunity management	IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities	1.4 Double materiality assessment
	E1-2 – Policies related to climate change mitigation and adaptation	2.1 Climate change
	E1-3 – Actions and resources in relation to climate change policies	2.1 Climate change
Metrics and targets	E1-4 – Targets related to climate change mitigation and adaptation	1.2 Strategy, business model and value chain
	E1-5 – Energy consumption and mix	1.2.5 Interests and views of Formel D’s key stakeholders
	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emission	2.3 GHG emissions
	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	2.3 GHG emissions
	E1-8 – Internal carbon pricing	2.3 GHG emissions
	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	2.1.1 Climate risk management 2.1.2 Climate change mitigation and adaptation analysis

CONTENT	DISCLOSURE REQUIREMENT	SECTION IN THE SUSTAINABILITY REPORT
ESRS S1 OWN WORKFORCE		
General disclosures	SBM-2 – Interests and views of stakeholders	1.2.5 Interests and views of Formel D's key stakeholders
	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting
Impact, risk, and opportunity management	S1-1 – Policies related to own workforce	3.1.1.4 Prevention of discrimination 3.1.3.3 Human rights within the company's own workforce
	S1-2 – Processes for engaging with own workers and workers' representatives about impacts	3.1.3.1 Employee engagement 3.1.3.2 Workers' representatives and collective bargaining agreements
	S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	3.1.3.1 Employee engagement 3.1.3.2 Workers' representatives and collective bargaining agreements
	S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting 3.1 Own workforce
Metrics and targets	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.4.1 Material impacts, risks and opportunities, and internal controls over sustainability reporting 3.1 Own workforce
	S1-6 – Characteristics of the undertaking's employees	3.1.1 Employment, equality, diversity, and inclusion
	S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	3.1.1 Employment, equality, diversity, and inclusion
	S1-8 – Collective bargaining coverage and social dialogue	3.1.3.2 Workers' representatives and collective bargaining agreements
	S1-9 – Diversity metrics	1.3.1 Board Structure 3.1.1.1 Equality, diversity, and inclusion
	S1-10 – Adequate wages	3.1.1.2 Fair and equal pay 3.1.1.3 Additional benefits
	S1-11 – Social protection	3.1.1.3 Additional benefits
	S1-12 – Persons with disabilities	3.1.1.1 Equality, diversity, and inclusion
	S1-13 – Training and skills development metrics	3.1.2.2 Training, and career development
	S1-14 – Health and safety metrics	3.1.4.1 Occupational safety
	S1-15 – Work-life balance metrics	3.1.1.3 Additional benefits 3.1.3.2 Workers' representatives and collective bargaining agreements
S1-16 – Compensation metrics (pay gap and total compensation)	3.1.1.2 Fair and equal pay	
S1-17 – Incidents, complaints and severe human rights impacts	3.1.3.3 Human rights within the company's own workforce	

CONTENT	DISCLOSURE REQUIREMENT	SECTION IN THE SUSTAINABILITY REPORT
ESRS G1 BUSINESS CONDUCT		
General disclosures	GOV-1 – The role of the administrative, supervisory and management bodies	
Impact, risk, and opportunity management	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	1.4 Double materiality assessment
	G1-1 – Corporate culture and business conduct policies and corporate culture	1.3.1 Board Structure 4.1 Corporate culture and Compliance
	G1-2 – Management of relationships with suppliers	4.3 Payment practices
	G1-3 – Prevention and detection of corruption and bribery	4.1.1 Prevention and detection of corruption and bribery
Metrics and targets	G1-4 – Confirmed incidents of corruption or bribery	4.1.1 Prevention and detection of corruption and bribery
	G1-5 – Political influence and lobbying activities	4.1 Corporate culture and Compliance
	G1-6 – Payment practices	4.3 Payment practices

APPENDIX II: DATAPOINTS THAT DERIVE FROM OTHER EU LEGISLATION

The table below includes all of the datapoints that derive from other EU legislation as listed in ESRS 2 appendix B.

DISCLOSURE REQUIREMENT	RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION IN THE SUSTAINABILITY REPORT
ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		1.3.1 Board Structure
ESRS 2 GOV-1	Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		1.3.1 Board Structure
ESRS 2 GOV-4	G1-1- Corporate culture and business conduct policies and corporate culture	Indicator number 10 Table #3 of Annex 1				1.3.2 Statement on due diligence
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Non applicable
ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Non applicable
ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non applicable
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non applicable
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	2.1.2 Climate change mitigation and adaptation analysis
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		2.1 Climate change

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DISCLOSURE REQUIREMENT	RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION IN THE SUSTAINABILITY REPORT
ESRS E1-4	GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		2.1.3 Emissions Reduction Plan
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				2.2 Energy performance
ESRS E1-5	Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				2.2 Energy performance
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Non applicable
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Climate change transition risk:	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		2.3 GHG emissions
ESRS E1-6	Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		2.3 GHG emissions
ESRS E1-7	GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not stated
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		2.1.2 Climate change mitigation and adaptation analysis
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk			Not stated

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DISCLOSURE REQUIREMENT	RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION IN THE SUSTAINABILITY REPORT
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not stated
ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		2.1.2 Climate change mitigation and adaptation analysis
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1	Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material
ESRS E3-1	Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material
ESRS E3-1	Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E3-4	Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material

DISCLOSURE REQUIREMENT	RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION IN THE SUSTAINABILITY REPORT
ESRS E3-4	Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2- IRO 1 - E4	Paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2- IRO 1 - E4	Paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2- IRO 1 - E4	Paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material
ESRS E4-2	Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2	Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E4-2	Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5	Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material
ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material
ESRS 2- SBM3 - S1	Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				1.3.2 Statement on due diligence 3.1.3.3 Human rights within the company's own workforce
ESRS 2- SBM3 - S1	Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				1.3.2 Statement on due diligence 3.1.3.3 Human rights within the company's own workforce

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DISCLOSURE REQUIREMENT	RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION IN THE SUSTAINABILITY REPORT
ESRS S1-1	Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				1.3.2 Statement on due diligence 3.1.3.3 Human rights within the company's own workforce
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	R		Delegated Regulation (EU) 2020/1816, Annex II		1.3.2 Statement on due diligence 3.1.3.3 Human rights within the company's own workforce
ESRS S1-1	Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex				3.1.4.1 Occupational safety
ESRS S1-3	Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				3.1.3.1 Employee engagement
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		3.1.4.1 Occupational safety
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				3.1.4.1 Occupational safety
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not stated
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Not stated
ESRS S1-17	Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				3.1.1.4 Prevention of discrimination
ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		3.1.3.3 Human rights within the company's own workforce
ESRS 2- SBM3 - S2	Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				3.1.3.3 Human rights within the company's own workforce

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DISCLOSURE REQUIREMENT	RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION IN THE SUSTAINABILITY REPORT
ESRS S2-1	Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				3.1.3.3 Human rights within the company's own workforce
ESRS S2-1	Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions			Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S3-1	Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S3-4	Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material
ESRS S4-1	Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material

DISCLOSURE REQUIREMENT	RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION IN THE SUSTAINABILITY REPORT
ESRS S4-4	Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material
ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				4.1 Corporate culture and Compliance
ESRS G1-1	Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				4.1 Corporate culture and Compliance
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		4.1 Corporate culture and Compliance
ESRS G1-4	Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				4.1 Corporate culture and Compliance

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