

Sustainability Report

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Preamble

As an innovative family-owned company, dSPACE stands for independence and continuity, and has firmly anchored sustainable behavior and the careful use of resources in its corporate values. It is essential for us to be a reliable partner with integrity for our customers in everyday business, to behave in an exemplary manner, and to meet legal and ethical requirements. For us, protecting resources and the environment means much more than simply complying with legal regulations. It is an integral part of our corporate culture and a core task of operational management.

The dSPACE Sustainability Report mainly contains information on the topics of economy, ecology, social affairs, customers, human resources, and compliance/code of conduct.

1. dSPACE as a Company

dSPACE is a leading provider of simulation and validation solutions worldwide for developing networked, autonomous, and electrically powered vehicles. The company's range of end-to-end solutions are used particularly by automotive manufacturers and their suppliers to test the software and hardware components in their new vehicles long before a new model is allowed on the road. But dSPACE is not only a sought-after partner in vehicle development, but engineers also rely on our know-how at dSPACE when it comes to aerospace, industrial automation and agricultural automation. Our portfolio ranges from end-to-end solutions for simulation and validation to engineering and consulting services as well as training and support. With approximately 2600 employees worldwide, dSPACE is headquartered in Paderborn, Germany; has three project centers in Germany; and serves customers through regional dSPACE companies in the USA, the UK, France, Japan, Korea, China, Croatia, India, and Sweden.

2. Corporate Values

Our corporate values are the foundation of our corporate culture. They are the core values for our corporate leadership and our employees. They serve as guidelines for our behavior and actions. They influence our daily work and are an expression of our employees' interactions, our management actions as well as our attitude towards our customers and business partners.

Continuity

As a family-operated business, dSPACE stands for independence and continuity.

Innovation

Our initiative and willingness to change are the key to innovation.

Result Orientation

Driven by the will to perform, as a team we achieve the best possible results.

Reliability

Our reliable and sustainable actions build trust within the company and without.

Fairness

Our cooperation is based on fairness, appreciation, and respect.

3. Code of Conduct

3.1. Social Responsibility

Human Rights

We respect, protect, and promote the applicable regulations for the protection of human and children's rights worldwide. We reject any use of child, forced, and compulsory labor as well as any form of modern slavery and human trafficking. This applies not only to all dSPACE group companies, but naturally also to the cooperation with our business partners.

Product Safety and Quality

As part of our quality management plan, which is certified according to ISO 9001 and VDA 6.4, we ensure by means of comprehensive product safety and quality tests that dSPACE products do not pose any danger to people, the surroundings, or the environment. Our product assurance process is continuously expanded and improved.

Protection of the Environment

As part of society, we feel obliged to preserve the environment and to use natural resources as sparingly as possible. This applies to company processes and products alike. We comply with the applicable environmental legislation, standards, and other regulations. We pay attention to environmental protection in our daily business operations and strive to minimize environmental pollution and hazards as far as possible. We run a certified environmental management system in accordance with ISO 14001 to ensure that we meet our environmental targets and objectives.

3.2. Responsibility as a Business Partner

Avoiding Conflicts of Interest

We take our decisions solely on the basis of objective criteria and do not allow ourselves to be influenced by personal interests and relationships. dSPACE makes a point of avoiding conflicts between private and business interests, or even the appearance of such conflicts.

Gifts, Hospitality, and Invitations

We have drawn up an internal guideline to assist employees in evaluating and behaving appropriately when being offered non-cash benefits (gifts, invitations, or other benefits).

Anti-Corruption Guidelines

We strictly reject any form of corruption, including extortion and bribery. The same applies to granting or accepting benefits outside the legally permissible scope, regardless of whether it is for the benefit of the company, a third party, or the responsible person themselves.

Dealing with Public Authorities

In our contacts with public officials and mandate holders, we strictly comply with the law to avoid conflicts of interest and corruption.

Accounting and Financial Reporting/Taxes/Duties

We strictly comply with the legal framework for proper accounting and financial reporting. Transparency and correctness are our top priorities.

Transparent and Fair Business

We conduct business exclusively according to the performance principle and on the basis of the market economy. Therefore, we promote free, unobstructed competition among our suppliers and provide unrestricted and neutral opportunities for them to recommend themselves as business partners with their products and services.

Export Control

We ensure compliance with all regulations governing the import and export of goods, services, and information. We avoid doing business with individuals, companies, and countries on sanctions lists.

3.3. Responsibility for Internal Processes

Equal Opportunity and Equal Treatment

When selecting new employees, we consider only their qualifications and skills. We ensure equality of opportunity during the hiring process and the entire period of employment.

Occupational Safety and Health Protection

Our work areas are regularly checked for risks and optimized to avoid hazards. All employees are familiarized with the regulations applicable to their area and receive regular training on the subject of occupational safety.

Data Protection

We collect, gather, process, use, and store personal data only in accordance with the legal requirements.

Information Security

The dSPACE GmbH regulations for handling information and IT devices are defined

in the corresponding information security guidelines. Our employees are regularly trained according to the applicable guidelines.

Information, Knowledge, and Intellectual Property

We are aware of the value of proprietary know-how and protect it very carefully. We acknowledge the intellectual property of competitors, business partners, and other third parties.

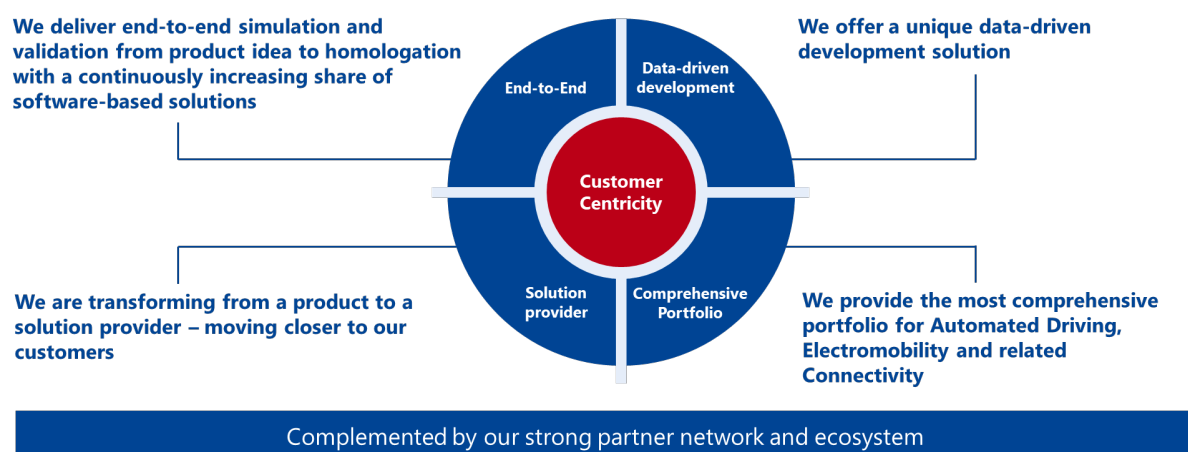
Right of Association and Right to Collective Bargaining

We recognize the fundamental right of every employee to join employee organizations and form employee representation.

4. Economics at dSPACE

dSPACE is an established partner for simulation and validation with a strong focus on the automotive industry. More than 80% of our turnover is generated with companies from the automotive industry. From 2018 to 2023, the company's turnover grew at a compound annual growth rate (CAGR) of 10%. The dSPACE group turnover in 2023 amounted to approx. 406 million euros.

A solid cash-position allows for the self-financed implementation of our business strategy. The strategy is focused on our customers and is based on four business moves:



dSPACE focuses all its activities not only on meeting its customers' requirements, but on inspiring them. This is a top priority for us, as convinced customers are loyal to our range of solutions and recommend our products and services to others. This is why

we survey the Customer Satisfaction Index (CSI) and the Net Promoter Score (NPS) regularly in customer satisfaction analyses. The surveys are the basis for how we can continuously improve.

5. Ecology at dSPACE

High environmental standards apply at dSPACE. For example, in 2023 our company headquarters in Paderborn were certified again in accordance with the ISO 14001 environmental management system. In addition, the requirements of ISO 14001 apply to all locations worldwide, and we are constantly striving to exploit new potential for environmental protection.

dSPACE offers a comprehensive portfolio of solutions whose individual components help make the mobility of the future safer, more efficient, and reduce emissions. dSPACE solutions are used in the development of energy-efficient electric drives as well as conventional ones. Our solutions for simulation and validation allow for testing technologies in the laboratory and developing them further in a targeted manner. This way, we accelerate the development of environmentally friendly technologies and help reduce the number of real test drives.

We use the latest technologies at our company locations and thus contribute to decarbonization.

- At our company headquarters in Paderborn, we operate a photovoltaic system with an annual yield of around 50 MWh, which is used entirely for supplying power to our main site. The power is not fed into the grid.
- We use geothermal energy to air-condition the largest office building at the company headquarters, thus achieving significant energy savings compared with conventional technologies. We also use the waste heat from our data center to heat this building by means of heat pumps.
- We air-condition the most recently commissioned production and office building with an energy-efficient air-source heat pump.
- dSPACE doesn't only support its customers in developing innovative electromobility solutions. Our corporate fleet consists increasingly of electrically powered vehicles. We also invested in the required infrastructure at our Paderborn location. Our employees can use 32 charging stations.
- We also place great emphasis on sustainable building. Our new Project Center Stuttgart, which opened in March 2023, features energy-efficient technology, such as district heating and demand-based lighting.

We have further intensified our efforts to save energy. In buildings where gas heating is used, we further optimized the heating systems and lowered the room temperatures. As a result, we achieved further reductions in gas volumes at our

headquarters in Paderborn in 2023, having already achieved savings of 28% in 2022 compared to the previous year.

We regularly subject our buildings and facilities to energy inspections and energy audits in accordance with the DIN 16247 standard.

6. Company and Employees

6.1. Corporate Citizenship

Our philosophy is to share our success. This is why dSPACE is committed to the region around its Paderborn headquarters and also supports projects at its international locations. The focus is on education-promoting initiatives, support for those in need, the sponsoring of school and university students with a talent for technology, and the support of people with disabilities.

In the region:

As a good neighbor, we are committed to the locations where we live and work.

For example, at the company headquarters in Paderborn: We support Paderborn überzeugt (Paderborn has it all), a special joint endeavor by business and local authorities, aimed at maintaining and enhancing Paderborn's attractiveness.

Clubs not only promote different talents but they also help young people develop their personality and particularly their social skills. We therefore make a financial contribution to the clubs in which our employees dedicate their free time to youth development.

Traditionally, dSPACE supports the Paderborn Easter Run as sponsor of the Special Olympics. Here, runners with mental and multiple disabilities complete the race together with running companions. In addition to sponsorship by the company, dSPACE employees are involved as running companions and thus promote inclusion.

In education:

With ProMINT, our company founder Herbert Hanselmann has founded an initiative to inspire young people to engage in scientific and technical topics. In this way, the company aims to counteract the shortage of skilled workers at an early stage.

With the ProMint scholarship program, we support students studying science and technology. We have expanded the program in 2023. dSPACE now also supports students in the Master's program.

Because the future belongs to innovation, dSPACE is already thinking about tomorrow and helps young researchers get their ideas on the road. For this reason,

dSPACE supports Formula Student, an engineering design competition in which international teams of students design and build their own race car to compete on internationally known race tracks, such as Hockenheim or Silverstone.

Our regional dSPACE companies also support local initiatives with a focus on education.

dSPACE sees itself as part of society and assumes social responsibility at its locations. We support social projects and aid initiatives with donations in kind or in cash. Last year, the German company and other regional companies organized fundraising activities for victims of the war in Ukraine. As dSPACE celebrated its 35th anniversary at the Paderborn site in 2023, the focus was on supporting local initiatives. A total of 45,000 euros was donated. 17,000 euros went to the Paderborn food bank, 5,000 euros to the Paderborn-Höxter deaconry's school supplies store, 8,000 euros to Odissa Charles e.V., and 15,000 euros to the Wekido children's village in Westphalia.

6.2. Employees

Worldwide, more than 2,500 employees were employed at dSPACE at the end of 2023. 2,000 of them have completed technical training. The average age of our employees is around 40. We gained over 680 new employees globally between 2020 and 2023. The employee turnover rate in Germany was around 5%.

As a family-owned business, it is our goal to attract, retain, and develop motivated and committed employees for our company. To this end, we create an attractive working environment – based on our corporate values – that is characterized by fairness, appreciation, and respect. Our management approach fosters a corporate culture that promotes diversity, performance, and entrepreneurship.

To build and develop the knowledge and skills of our employees, we offer a wide range of training and education courses in the form of workshops, seminars, or webinars.

To build a talent pool, we have established a program to identify young employees with potential and prepare them for specialist and management positions. 19 employees successfully completed the first edition of the program in 2022. The program was further developed and internationalized in 2023 with an expanded group of participants of 30 employees.

Work-life balance is essential for employee satisfaction. dSPACE offers a number of different measures, such as models for flexible working hours, arrangements for working from home, and employee offers in the area of health promotion and sports. Childcare at the company's affiliated day care center at the company headquarters is

outstanding, with a comprehensive range of childcare services, long daily opening hours, and an above-average childcare ratio.

dSPACE is constantly striving to improve the working conditions for employees. In 2023, we put our workplace culture to the test and took part in the “Great Place to Work“ employer competition. Our company received two certifications as a “Great Place to Work” and has achieved rankings in the top ten. We are ranked 4th among companies in North Rhine-Westphalia with more than 1,000 employees. Among the ITC companies in Germany, dSPACE achieved an outstanding 7th place. The award is based on an anonymous and representative survey among employees. 86% of those surveyed stated that dSPACE is a very good employer. In the survey, employees particularly praised the company’s communication, fairness, image, team spirit, and vision for the future.

In the last few years, dSPACE has received several awards as a family-friendly company. The award is regularly coordinated by a broad cooperation alliance involving, among others, the district of Paderborn, the IHK Ostwestfalen (East Westphalia Chamber of Industry and Commerce) in Bielefeld, the Handwerkskammer OWL (East Westphalia Chamber of Crafts) and the Kompetenzzentrum Frau und Beruf OWL (East Westphalia Centre of Excellence for Women and Jobs).

Protecting employees' health and making workplaces safe is a top priority at dSPACE. Occupational health and safety officers work continuously to minimize risks.