



Sustainability  
Report

2021



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# Our understanding

From an early stage, our company founders, Hermann and Dr. Ernst Mahle, associated corporate success with social responsibility. After more than 100 years, MAHLE is now a company active worldwide and all the more aware of its social responsibility. We believe that our most important task is to balance sustainable development and technological progress. Our goal is to be an innovative driving force for efficient and environmentally compatible mobility. Through our long-term planning, we strive to reconcile the economic success of our company with the requirements of the environment, society and our employees. Sustainability is an important operational principle for a foundation-owned company like MAHLE.

# Preface



**Michael Frick**

Chairman of the Management Board (ad interim) / Member of the Management Board Finance

Dear readers,

As a foundation-based company our essential goal is to harmonize entrepreneurial activity with the well-being of people and the environment and to maintain this harmony. Taking responsibility is part of the MAHLE DNA. Climate protection applies to us without ifs and buts. We see the Paris climate agreement as a binding mandate to minimize emissions caused by mobility. Through our technologies, we are accelerating the transition to a reduced carbon footprint. They are helping to make individual mobility more efficient, more sustainable, and therefore more environmentally compatible. Today, about 60 percent of MAHLE sales are independent of the passenger car combustion engine. We intend to increase this proportion continuously and at an even faster pace than before. At last year's International Motor Show (IAA Mobility) in Munich, Germany, we highlighted our broad-based product portfolio with respect to e-mobility, ranging from charging technologies to battery systems and electric motors.

We also pursue ambitious goals within our own factory walls. In 2021 we reached a first milestone as all German MAHLE production locations became carbon-neutral. Throughout our company we have adopted reduction targets and will reach carbon-neutral production by 2040 in terms of all direct CO<sub>2</sub> emissions and those associated with energy purchases. This CO<sub>2</sub> roadmap is a vital element of our sustainability management.

By focusing on our own renewable electricity production, we are also reducing our CO<sub>2</sub> emissions. In 2021 we realized two reference photovoltaic projects in Parma, Italy and in Montblanc, Spain. In 2022, ten more photovoltaic projects are planned. With projects like these we are not only reducing our emissions, but we are also making ourselves less dependent of the volatile energy markets. Further activities relate to measures concerning the energy efficiency of our sites, which we aim to increase by at least two percent every year. Our third approach includes the purchase of carbon-neutral electricity and the offsetting of remaining emissions.

In addition to climate protection, we focus on occupational safety, because ensuring the safety of our employees is our core responsibility. We consistently align our occupational health and safety management system with the international standard ISO 45001. By the end of 2021, 93 of our global locations were certified to this standard. Another important goal is to further reduce the accident rate per million hours worked, which includes accidents with at least one day of absence.

At the organizational level, we have set up a Central Sustainability Department and established the Sustainability Steering Committee.

With this Sustainability Report 2021, we aim to inform you about our goals, strategies and measures as well as the progress we have made in different areas. Our report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. By using these standards, we are strengthening the transparency of our actions and laying the foundation for integrated sustainability communication in the future.

Michael Frick



At MAHLE, running a profitable business means taking an environmentally and ethically sound approach.

# The MAHLE Group

*MAHLE is a leading international development partner and supplier to the automotive industry with customers in the passenger car and commercial vehicle sectors. The technology group, which was founded in 1920, is working on the climate-neutral mobility of tomorrow with a focus on electromobility and thermal management as well as other technology fields, such as fuel cells or combustion engines powered with e-fuels and hydrogen. Currently the share of its sales earned independently from the combustion engine for passenger cars amounts around 60 percent. In 2021 MAHLE generated sales of EUR 10.9 billion and is represented in over 30 countries with more than 71,000 employees in around 160 production locations and 12 major research and development centers. The parent company, MAHLE GmbH, is headquartered in Stuttgart/Germany.*



MAHLE is a leading international development partner and supplier to the automotive industry as well as a pioneer and technology driver for the mobility of tomorrow.



## Markets and products

We offer our customers around 60 main product groups and over 240 products. Encompassing engine systems and components, filtration and thermal management, our product portfolio addresses all the relevant technical aspects relating to the power-train and air conditioning technology as well as their combination. In addition, our high level of competence and our expertise in electric and electronic components and systems allow us to offer integrated solutions for e-mobility. And that is not all: for decades, our components and systems have also been used off the road—in stationary applications as well as for mobile machinery, rail transport and in marine contexts.

### Our management approach

We are led first and foremost by our vision, our predefined group goals and our leadership principles. The four MAHLE leadership principles provide direction and the framework for a global understanding of leadership. The nonprofit MAHLE Foundation holds 99.9 percent of the company's shares, while 0.1 percent of the shares are held by Verein zur Förderung und Beratung der MAHLE Gruppe e.V. (MABEG), which also holds all of the voting rights and thus exercises the shareholder rights. This structure ensures our entrepreneurial independence, which creates the basis for long-term planning and farsighted investment decisions. The MAHLE Management Board discusses and makes common decisions from a group perspective.



Further development of our value-oriented leadership culture:  
MAHLE Leadership Principles





# WE SHAPE FUTURE MOBILITY



Our management system helps us to achieve our business objectives, meet international customer standards and comply with national and international standards and regulations. The basic principles of our organization, management system and business processes are defined in the Group Management Manual. Employees must follow the processes defined in this manual. Advisory boards such as the Risk Management Committee or the Compliance Steering Committee review the management of specific topics.

The MAHLE Group is divided into five business units, which are also responsible for breaking down the various goals into organizational processes. The business units are as follows:

- The Engine Systems and Components business unit represents one of our core fields of expertise and reflects decades of development and system know-how. The range of products includes steel and aluminum pistons, piston rings, cylinder liners, bearings and valve train systems.
- The business unit Filtration and Engine Peripherals is one of the top-selling suppliers in many product groups offering product solutions such as filter systems and components for the engine periphery.
- The Thermal Management unit develops solutions for effective cooling and air-conditioning systems as well as batteries, fuel cells, power electronics and electric drives, which make extended cruising ranges, high levels of efficiency and a long service life possible.
- Our expertise in the development and manufacture of electric motors and of electronic and mechatronic systems forms the foundation of our Electronics and Mechatronics business unit, which is a strong driver of growth within the MAHLE Group.
- Our Aftermarket business unit supplies trade, workshops and engine repair partners as well as electronic retail platforms around the world with products in original equipment quality, service units and services.

## MAHLE Group business segments 2021

### MAHLE GROUP

As at December 31, 2021

Sales: EUR 10,933 million | Headcount: 71,298

#### BUSINESS UNITS

Engine Systems and Components	Filtration and Engine Peripherals	Thermal Management	Electronics and Mechatronics	Aftermarket
EUR 2,363 million	EUR 1,819 million	EUR 3,865 million	EUR 1,193 million	EUR 1,064 million
24,270	9,162	20,237	8,137	1,846

#### PROFIT CENTERS & SERVICES

Motorsports and Special Applications	
Large and Small Engine Components	
Industrial Thermal Management	
Control Units	
Central service businesses	
EUR 630 million	Sales
7,646	Headcount



Added to this are four profit centers: Motorsports and Special Applications, Large and Small Engine Components, Industrial Thermal Management and Control Units, which address specific market and customer segments. We serve customers in Europe, North and South America and Asia/Pacific.

### Key figures of the MAHLE Group by region

	Production locations/research and development centers	Employees	Sales (in EUR million)
<b>Europe/Africa</b>	<b>66/5</b>	<b>32,764</b>	<b>5,051</b>
of which Europe	64/5	31,909	5,003
of which Africa	2/0	855	48
<b>America</b>	<b>36/3</b>	<b>22,152</b>	<b>3,356</b>
of which North America	28/2	13,416	2,767
of which South America	8/1	8,736	589
<b>Asia/Pacific</b>	<b>63/4</b>	<b>16,382</b>	<b>2,526</b>
<b>Total</b>	<b>165/12</b>	<b>71,298</b>	<b>10,933</b>

As at end 2021

## MAHLE as a reliable business partner

MAHLE has a responsibility for the upstream supply chain as well as the fulfillment of our own supply obligations toward our customers. We take this responsibility seriously in each of our locations around the world and as a Group. Even more we strive to continuously improve our processes to consistently provide our customers with reliable, high-quality products on time.

Logistics in the automotive sector are closely synchronized, which means that supply disruptions can, in the worst-case scenario, lead to a halt in production for the customer. To that end the risk monitoring of our own suppliers and the implementation of mitigation measures help to prevent us from a loss of supplies (see chapter 'Sustainable supply chain'). If a risk occurs despite risk mitigation measures, our contingency plans help to maintain our deliveries to customers.

## Key figures of the MAHLE Group by region

**North America**  
28 production locations  
13,416 employees\*  
Canada, Mexico, USA



**South America**  
8 production locations  
8,736 employees\*  
Argentina, Brazil





**Around 160  
production locations**



**12 major research &  
development centers  
worldwide**

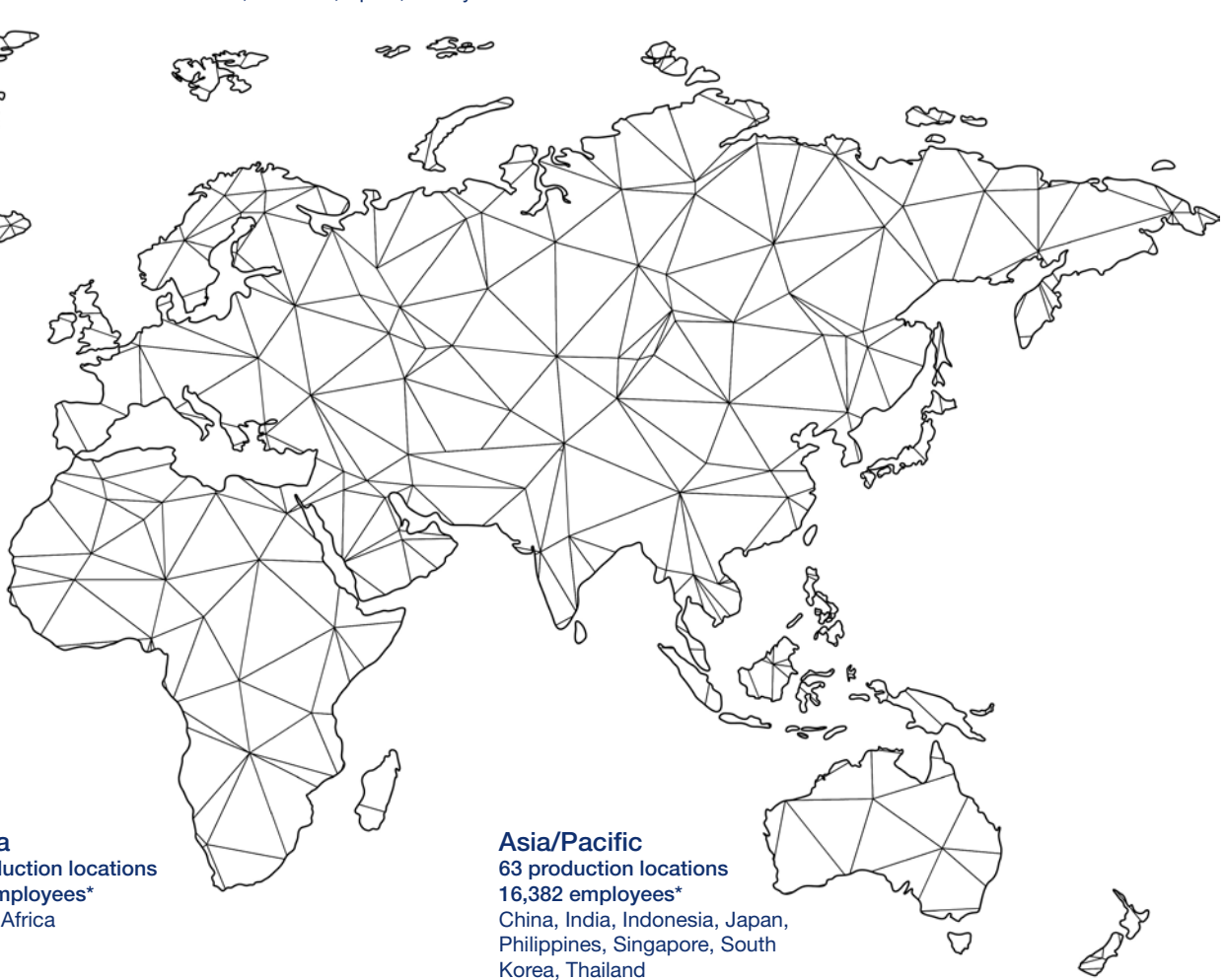


**More than 71,000  
employees\***

**Europe**

**64 production locations  
31,909 employees\***

Austria, Bosnia and Herzegovina, Czech Republic, France, Germany, Great Britain, Hungary, Italy, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Turkey



**Africa**

**2 production locations  
855 employees\***  
South Africa

**Asia/Pacific**

**63 production locations  
16,382 employees\***  
China, India, Indonesia, Japan, Philippines, Singapore, South Korea, Thailand

\* As at December 31, 2021

# Sustainability management at MAHLE

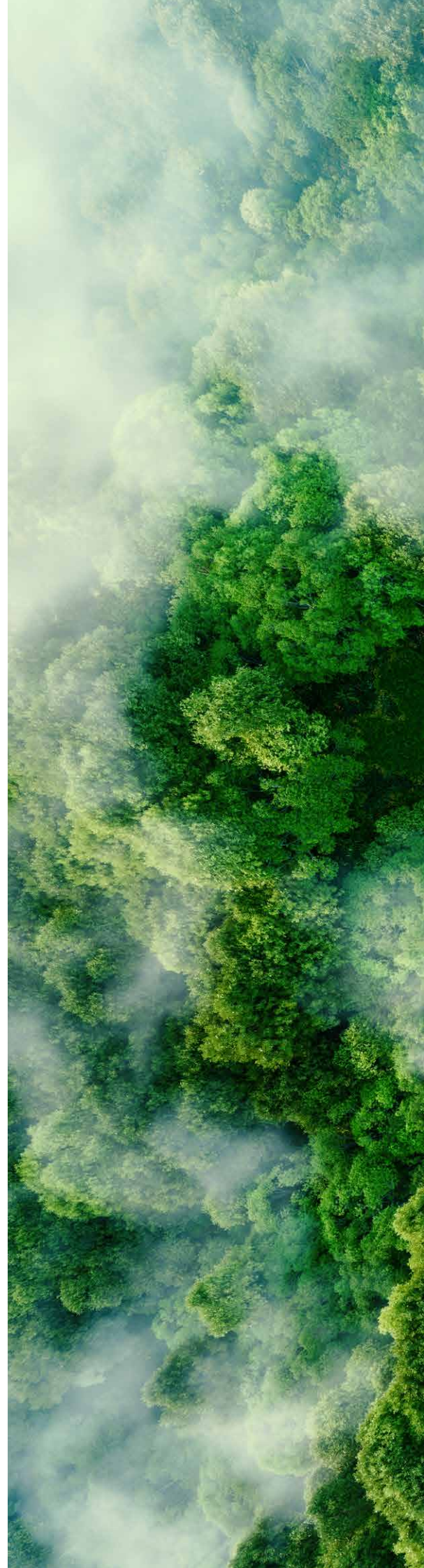
*Sustainability has always been part of our identity. The link between environmental protection, good corporate governance and the economy has become a success factor. Just as we at MAHLE put a higher focus on the entire value chain of sustainable mobility - our business partners increasingly take an interest in our sustainability management and request insights into how we consider environmental and social aspects in our activities.*

## Principles of sustainability management

The principles that guide our actions are ethically correct and lawful conduct, the protection of the environment and resources and the well-being of our employees. Sustainability means continuing to be reliable for our customers while innovating our products to have a smaller impact on the environment.



Our objective is to communicate our efforts and achievements around sustainability with even greater transparency—both internally and externally.









## Sustainability management at MAHLE

The highest level of responsibility for Sustainability, Environmental Management and Safety at Work is at the MAHLE Management Board. Strategic decisions related to the sustainability goals of MAHLE are made in the Management Board. Furthermore, our

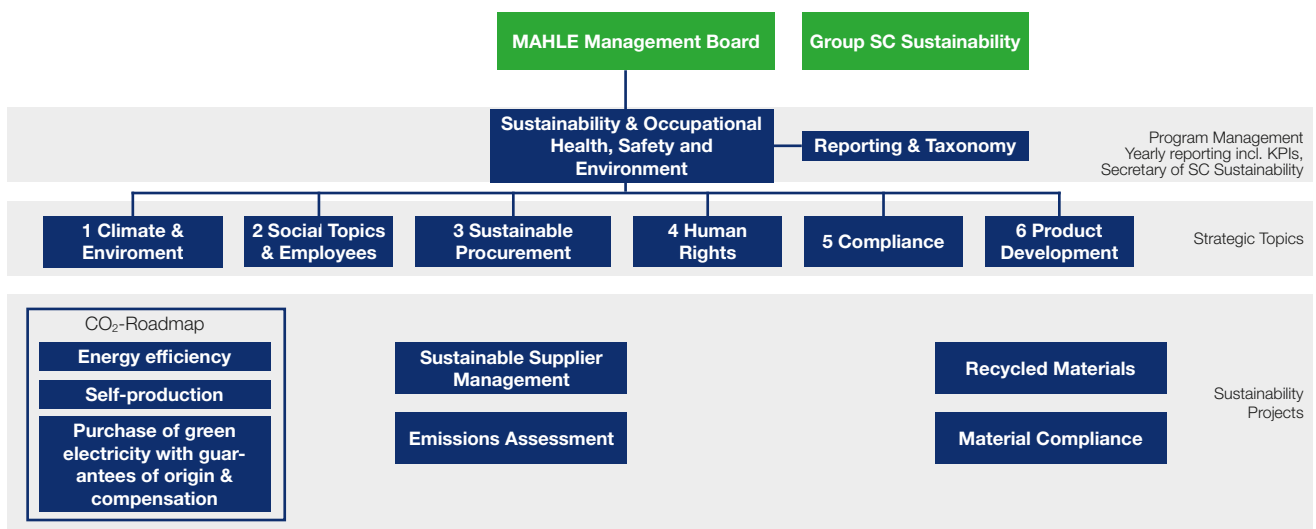
Sustainability Report must be approved by responsible members of the MAHLE Management Board. In 2021 MAHLE adapted its sustainability organization to address the increasing importance of sustainability-related issues. Our sustainability management is regularly reviewed by the Sustainability Steering Committee. It was established in 2021 to identify related risks and opportunities at an early stage and to ensure the appropriate management of our sustainability projects. It consists of four members of the Management Board, the Corporate Sustainability & Occupational Health, Safety & Environment function at group level and other departments, such as Sales. The sustainability program of MAHLE was released in 2021 and covers six topics with strategic importance:

- Sustainable Products
- Climate & Environment
- Sustainable Procurement
- Working Conditions & Social Standards
- Human Rights
- Compliance and Ethics.



As a foundation-owned company, we have a special responsibility toward mankind and the environment.

### Organizational chart of our sustainability program





The corporate function for Sustainability, which was also newly established in 2021, is responsible for the sustainability program management. It shall identify new sustainability trends and be a driving force for sustainability in MAHLE. It coordinates sustainability activities throughout the Group, leads the regular updates of the materiality analysis, conducts performance monitoring and is responsible for transparent communication and stakeholder dialogue. The function assesses external sustainability requirements and prompts the development of suitable implementation concepts by the Group’s specialist departments, business areas and regions.

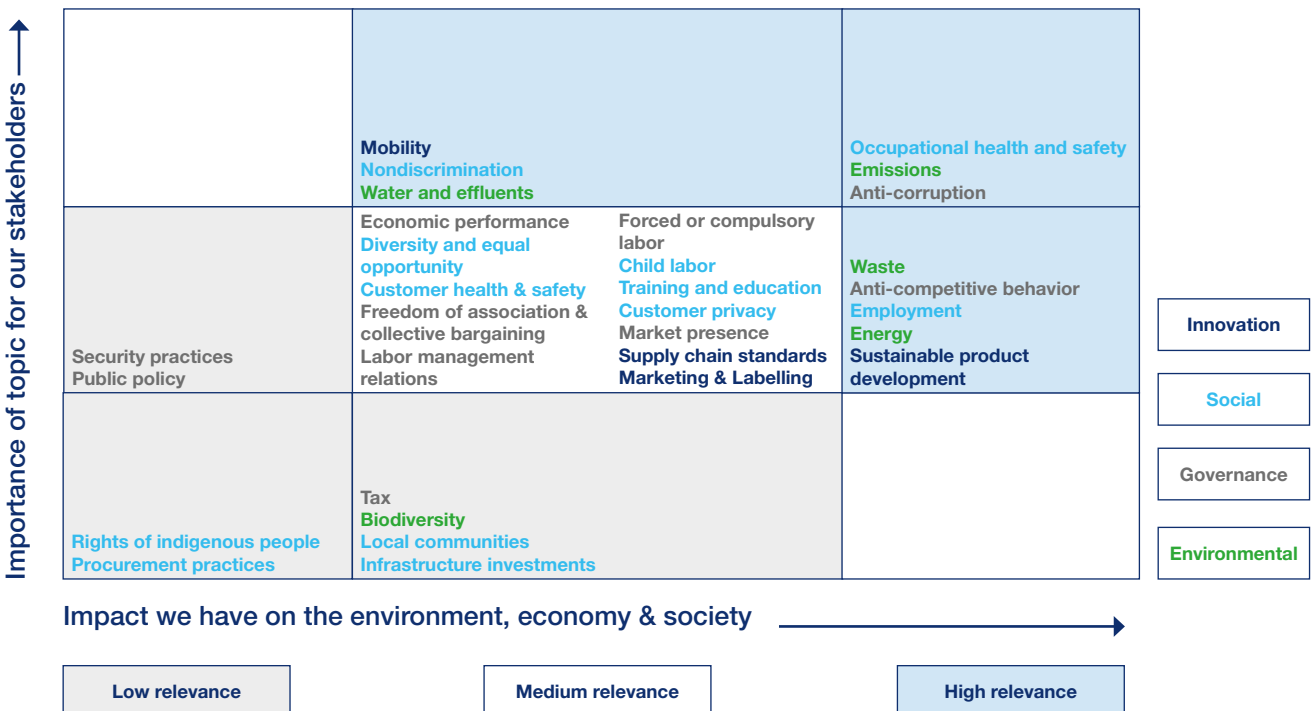
We apply international standards related to our industry—for example, when designing our management systems regarding the environment, quality and safety at work. Proper management systems are fundamental to helping us assess sustainability risks and designing adequate mitigation measures. We regularly check if the management systems meet the internal and external expectations and push to drive certification of our plants according to international standards.

### Defining Material Topics

In 2021 we updated our materiality analysis process, as well as the matrix itself. Using the GRI as a guide, we refined the process for determining material topics. We involved different global functions using their expertise to rank topics and validate the resulting materiality matrix.

Material topics for 2021 developed from the topics most important to our stakeholders and from where we have the largest impact. Compared to the previous year’s analysis, topics like mobility, anti-corruption and water protection were given a higher rating for the impact and the amount of importance for our stakeholders. In the future we want to further increase our engagement with stakeholders during this process. The material topics can be found in the blue boxes of our materiality matrix.

### Materiality Analysis



## External engagement and political dialogue

As a global company, our active relationship with external stakeholders and political actors is motivated twofold: understanding important regulatory developments and providing our expertise to political processes. We established relations with e.g. members of parliament, public authorities, ministries and government representatives. Hereby we aim to engage with external stakeholders and political actors in a solution-focused way.

### Management and Activities of Political relations

At Group level, the central department External Affairs coordinates relations with actors of public policy, above all with political decision makers in Germany and the European Union. In addition to direct exchange with political actors, we actively participate in the formulation of political positions in relevant associations in Germany, the EU and other countries.

MAHLE holds regular discussions with its stakeholders and is a member of various external initiatives, such as the 'Strategiedialog Automobilwirtschaft der Landesregierung Baden-Württemberg' (Strategic Dialogue for the Automotive sector, initiated by the State of Baden-Württemberg/Germany) and Germany's 'Nationale Plattform Zukunft der Mobilität' (National Platform Future of Mobility).

### MAHLE takes transparency very seriously.

We acknowledge that integrity is key for mutual trust and understanding in our political representation and have therefore defined our ambition in our compliance requirements. In relation to officials and elected officials, this applies without restriction and strictly with the aim of excluding any appearance of influence from the outset. In political activities, the MAHLE Business Code defines a clear code of conduct for our dealings with third parties. We are listed in the European Transparency Register with respect to our lobbying activities at European level.

Worldwide, we are active in various associations and networks, including industry associations such as the VDA and the European Association of Automotive Suppliers (CLEPA), as well as in organizations related to finance, research and technology, IT, logistics, trade and purchasing. These are valuable platforms for us in terms of common interests within the industry and, in some cases, facilitating active communication with external stakeholders. Each association has to be in line with our values and has to follow strict codes on anti-trust policy for us to be in the membership.

### Our Focus in 2021

In 2021 the EU Green Deal and its numerous legislative initiatives to achieve the EU climate targets for 2050 are of particular importance to our company. For us, regulation that is open to technology is desirable, which brings ecology, economy and social issues in an equilibrium of sustainability.





# Responsible corporate governance

## The MAHLE risk management system

Our risk management system covers economic, environmental and social aspects. In order to identify opportunities and risks at an early stage and address them proactively, our experts in the corporate functions and business areas continuously assess short-, medium- and long-term market trends (0-1 year; 1-5 years; 5-15 years). For example, we make use of scenario analyses drawn up by our Corporate Planning department to model changes in markets and regulatory frameworks.

The Risk Management Committee, in which members of the MAHLE Management Board and the Group Risk Manager are represented, is responsible for managing and monitoring the risk management system. This committee defines the top risks for the company and prioritizes them according to potential financial impact and likelihood of occurrence based on the evaluation done by risk experts. For each risk identified, the committee appoints one or more risk owners whose task is to initiate targeted measures to reduce the potential impact of the risk.

The Group Risk Manager is responsible for the practical implementation of the risk management system and summarizes the top risks, including countermeasures and risk controlling instruments in the Annual Group Risk Management Report. This report must be approved by the complete MAHLE Management Board.

In case a hazard occurs despite risk prevention, we have arranged an economically prudent degree of cover by means of insurance policies for the financial consequences of production losses and MAHLE business interruptions caused by e.g. by fires and natural disasters. We ensure that specific liability situations such as environmental issues are also covered.

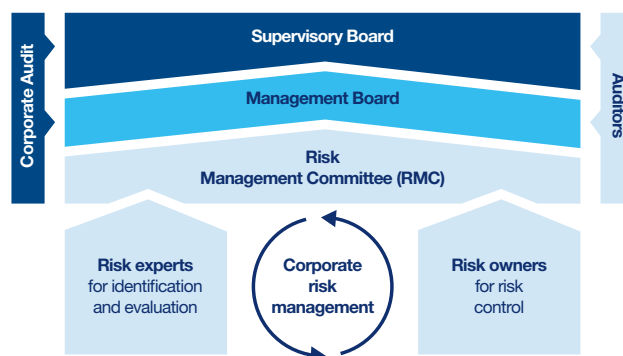
## Two examples of relevant risks and opportunities connected with sustainability

The relevant risks and opportunities identified in connection with the environment include the increasing environmental awareness in the markets and new emission reduction targets.

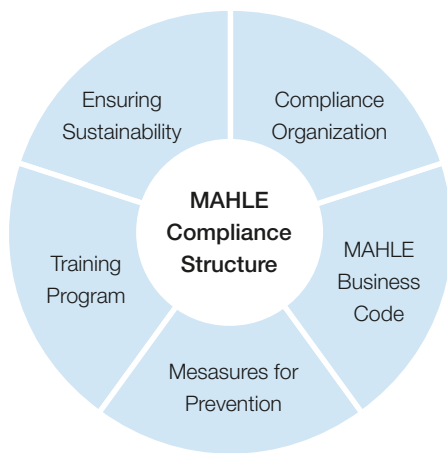
In several markets worldwide, the automotive industry is facing stricter fuel efficiency and/or emissions regulations. MAHLE, with a large portfolio of emission-relevant segments like combustion engine components, may experience reductions in demand for these components, resulting in decreasing sales within the affected products. We see opportunities in the efficiency increase of our components and expansion of our portfolio of electric drives and auxiliary components.

Regarding our locations worldwide we e.g. regularly monitor fire and natural hazard risks and continuously reduce our risk by following a long-term strategy. This helps us avoid material damage to our facilities and consequential damage such as air and water pollution, as well as economically negative impacts on internal and external supply chains.

## Schematic diagram of risks management at MAHLE



## The MAHLE compliance structure



## Our compliance management system

Responsible business behavior means complying with laws and internal rules as well as ensuring fair competition. Therefore, compliance has always been an important element of our corporate governance. At Group level, we ensure that our conduct and actions adhere to laws and internal rules by means of the MAHLE compliance structure. As shown in the graphic below, this includes the MAHLE Business Code as a basic code of conduct for all employees worldwide as well as our compliance organization, preventive measures and training concept. We take various steps to safeguard the effectiveness and sustainability of our compliance structure, including documenting our compliance activities and conducting compliance audits as well as regular web-based compliance learning programs.

Our decentralized compliance approach means that all organizational units, divisions and departments are responsible for the processes and compliance risks applicable in their area which are aimed at upholding laws and internal rules as per the procedure 'Legal Compliance'. There are also compliance risk areas for which central responsibility is assumed. These include, for example, antitrust law and prevention of corruption, which are managed centrally by the Group-wide MAHLE compliance organization (see subsection 'Prevention of corruption and antitrust law'), or data protection which is managed centrally by the department Corporate Data Privacy (see subsection 'data protection'). Furthermore, the function Corporate Occupational Health, Safety & Environment (CO) is responsible for handling environmental compliance risks, while the Human Resources (HR) department deals with compliance risks relating to social concerns.



The existing compliance structure is continuously optimized and adjusted on the basis of risk by the MAHLE compliance organization.

### MAHLE Business Code

In our business activities, we are committed to comply with ethical standards and laws. This is based on the MAHLE Business Code, which defines the legal and ethical framework for all MAHLE employees, including the members of the MAHLE Management Board, members of the MAHLE Management Committee and executives. For affiliated companies located outside Germany, the MAHLE Business Code describes the minimum standards, which should then be supplemented by local requirements and specific characteristics. At joint ventures and companies in which MAHLE does not have a majority holding, but rather a holding of at least 25 percent and not more than 50 percent, appropriate measures are taken to ensure compliance with the objectives of the MAHLE Business Code.

The MAHLE Business Code<sup>1</sup> was updated in July 2021 regarding the internal reporting channels as well as the handling of cash payments. New employees receive a copy with their orientation documents. In addition, members of the MAHLE Management Board, members of the MAHLE Management Committee and executives are required to make a written commitment to comply with the contents of the MAHLE Business Code and ensure that it is observed within their scope of responsibility.

### Compliance organization

The MAHLE Group Compliance Organization Guideline defines and designates the responsibilities of the compliance organization and describes its tasks and reporting lines in the event of compliance violations.

<sup>1</sup> [www.mahle.com/en/about-mahle/compliance](http://www.mahle.com/en/about-mahle/compliance)



At Group level, the compliance organization consists of the MAHLE Management Board, the Compliance Steering Committee and the Corporate Compliance Office. Further Regional Compliance Committees and Regional Compliance Offices have also been established at a regional level.

The Compliance Steering Committee consists of members of the MAHLE Management Board and MAHLE Management Committee as well as executives from Human Resources, Legal and Internal Audit. It is responsible for the content and strategic further development of the compliance structure and reports directly to the MAHLE Management Board.

The Corporate Compliance Office implements preventive measures such as trainings and communication activities relating to antitrust law and corruption prevention. It also handles reports of compliance violations, evaluates them and passes them on to the appropriate bodies. The Corporate Compliance Office is attached to the Corporate Legal department. For the planning of internal compliance audits, it consults with the Corporate Internal Audit department, which then undertakes the compliance audits.

The Corporate Compliance Office is supported by the Regional Compliance Offices, which are available to support employees in their region with compliance queries and reports of violations and implements any necessary compliance measures at a local level.

The Regional Compliance Offices also preside over the Regional Compliance Committees. They are primarily responsible for analyzing local compliance risks, reporting on local compliance issues and adapting the guidelines to suit local characteristics.

### Management of compliance violations

The Corporate Compliance Office must be involved in the case of any incidents that may have a significant impact on the whole Group. It assesses compliance incidents in accordance with the provisions of the MAHLE Group Compliance Organization Guideline. Any serious and significant violations are immediately reported by the Corporate Compliance Office to the Compliance Steering Committee. The responsible members of the Compliance Steering Committee decide whether the Corporate Internal Audit department should be involved for investigation purposes.

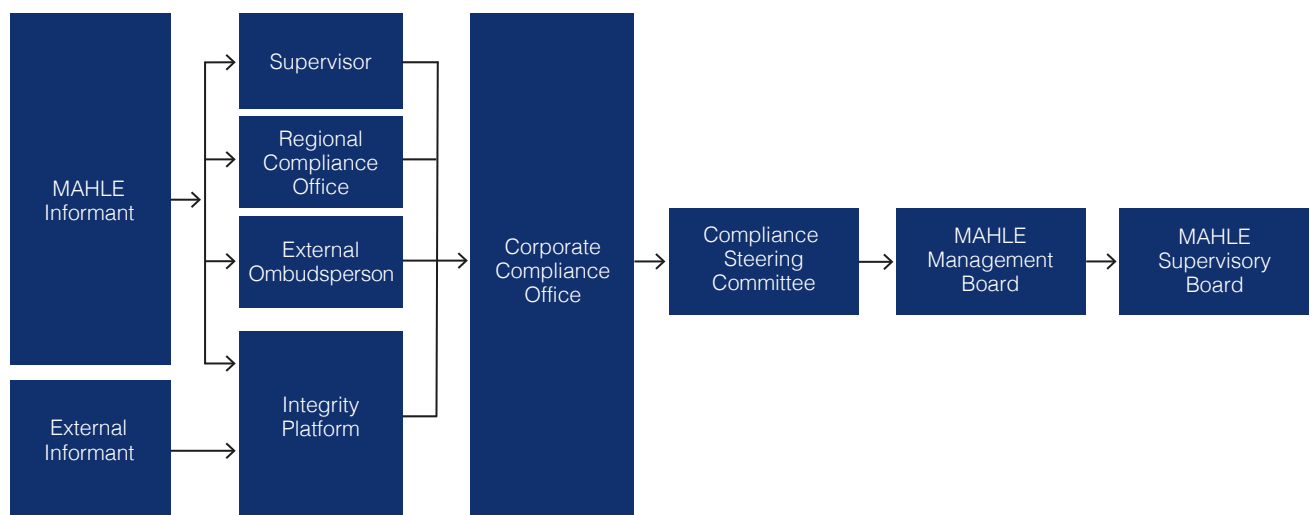
Employees wishing to report a potential violation of compliance rules can approach their supervisor. Employees can also contact the Corporate Compliance Office or the Regional Compliance Office responsible for them.

In the event of serious compliance violations or an increased need for confidentiality, employees can also contact the external ombudspersons responsible for their region. Alternatively, the web-based whistleblower system Integrity Platform can be used—anononymously, if desired. The Integrity Platform is available to all employees and to external parties on the MAHLE website.

The MAHLE Management Board receives an annual compliance report which informs them about current developments of the MAHLE compliance structure and activities of the MAHLE compliance organization. Corporate Internal Audit also communicates the key results of the audits undertaken.

The compliance management system is reviewed regularly and developed further if necessary.

### Compliance reporting process



## Prevention of corruption and antitrust law

The compliance risk areas of corruption and antitrust law are managed centrally by the Group-wide MAHLE compliance organization as these risk areas are not assigned to particular organizational units.

### Prevention of corruption

Prevention of corruption is an important topic at MAHLE. The purpose of our Guide on Prevention of Corruption and related corruption trainings is to give employees guidance and support with respect to the most important rules relating to corruption prevention.

These provisions are governed by our Approval and Signature Guideline. It also defines the dual control principle and which processes need to be approved by which management level. It is therefore another tool that helps us avoid corruption.

We refer our business partners to our strict anticorruption policy, which is part of the Supplier Code of Conduct, with which all our suppliers have to comply.

### Antitrust law

It is particularly important to follow the antitrust regulations, which safeguard and ensure free and fair competition worldwide. We work proactively to prevent potential violations—it is in our own interests to do so. Our Guide on Antitrust Law and related antitrust trainings provide detailed instructions on how to behave in areas sensitive to antitrust law—such as in conduct toward competitors, customers and suppliers, in association meetings and in the context of joint venture activities.

### Training on prevention of corruption and antitrust law

To prevent violations of laws and internal company rules from the outset, we organize regular web-based compliance trainings, covering the topics of antitrust law and prevention of corruption. The trainings are mandatory for all members of the MAHLE Management Board and MAHLE Management Committee as well as for executives and employees in risk-exposed areas, such as purchasing and sales. In addition, employees have the option of voluntarily following the training programs. Refresher trainings for the target groups take place every 2-3 years. In 2021 a total of 4,423 active employees completed the compliance trainings.

### Number of employees trained in prevention of corruption and antitrust law in 2021

Region	Total (nominated)	Management Board, Management Committee and executive levels 1 to 3 (training completed)	Other levels (training completed)	Coverage (training completed)
Europe/South Africa	2,547	29	2,424	96%
North America	585	2	556	95%
South America	320	1	300	94%
Asia/Pacific	1,153	8	1,103	96%
<b>Total</b>	<b>4,605</b>	<b>40</b>	<b>4,383</b>	<b>96%</b>



## Data protection

We commit ourselves to strict compliance with legal requirements for the protection of the right to informational self-determination. As we are a globally active company with headquarters in Germany, the European General Data Protection Regulation and other local data privacy laws (e.g. Federal Data Protection Act) apply to us. In addition, we implement necessary measures for compliance with non-European, international data protection laws and regulations.

### Our data privacy organization

The Corporate Data Privacy department consists of the department management and a team of experienced data privacy specialists. An external Corporate Data Protection Officer reports directly to our MAHLE Group Management. This ensures separation between the independently acting Corporate Data Protec-

tion Officer and Corporate Data Privacy Management. Our data protection organization currently comprises 30 National Data Protection coordinators worldwide and 111 Data Protection Coordinators, who act as the first point of contact in the country respective on site. These specially trained coordinators are the link between the employees and the Corporate Data Privacy.

We implemented a uniform Group-wide Data Protection Management System in late 2020. The rollout continued in 2021 on a risk-based approach and is planned to be finalized in 2022. The web-based data protection training was rolled out to 21,000 employees, with 95% passing by the end of 2021.

Any violations of the applicable data privacy guidelines must be informed to the Corporate Data Privacy department, which carefully investigates the situation. If the suspicion of a violation of data privacy or a data privacy breach is subject to notification, the Corporate Data Protection Officer immediately notifies the incident to the respective data protection authority.

In 2021 we developed an internal data privacy audit program and started with pilot audits.



**Data Privacy**  
protecting people



# Working at MAHLE

*2021 has been a year of many changes in the lives of our employees. The pandemic changed the way we cooperate and megatrends like climate change and sustainability affect our business activities. Therefore, it is more than ever important that MAHLE is an attractive employer that people will be enthusiastic about working for. Especially in time of change, we place a high value on our employees' continuous development. It is essential for our company's future success that our staff is fit for the future and feels a part of the MAHLE family. This is why safety and equal opportunity in the workplace are top priorities and why we actively oppose all forms of discrimination.*



'People come first!' This motto passed down by our company founders Hermann and Dr. Ernst Mahle still applies today and is reflected in our company philosophy.



## MAHLE as an attractive employer

We thrive on our employees' profound wealth of ideas and their ability to find solutions today for tomorrow's challenges. They are our most important resource and safeguard the future viability of our company. This makes it crucial, that we remain an attractive employer and continue to emphasize what makes us special: our diversity, our team spirit and the motivation to jointly shape future mobility.

### **Human Resources Roadmap continues to serve as framework for strategic alignment and action**

MAHLE is in the midst of a technological transformation. This is also reflected in the strategic realignment of our work in Human Resources (HR). In line with our HR Roadmap developed in 2020, we are adapting existing structures and processes and tailoring them to the requirements for accelerated transformation.

Overall, our HR Roadmap focuses on five strategic areas of action:

- **Purpose & Agility:** Enabling a culture of purpose, accountability and innovation to attract and retain the right talent
- **Talent to Value:** Identify, develop and enable diverse talent with specific capabilities and leadership following a clear talent-to-value logic
- **Performance Recognition:** Next generation performance management to drive business priorities, incentivize performance and accelerate results
- **Disruption Architecture:** Driving and facilitating organizational change and optimizing the company footprint in times of disruption and restructuring
- **Acceleration of efficiency:** Providing high quality, efficient and compliant HR transactional operations, services and data



The five strategic areas of the HR Roadmap

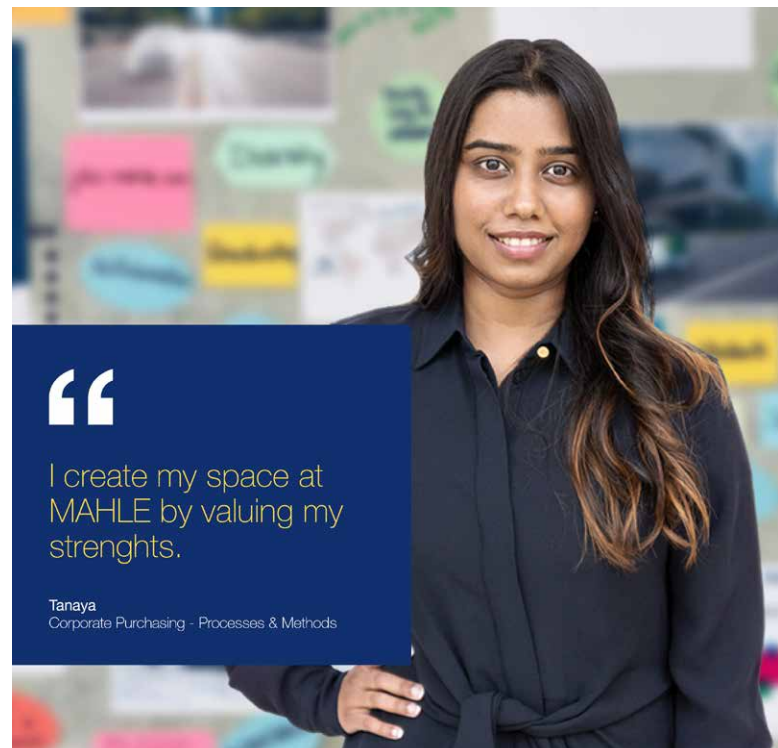
## New ways of working strengthened on a global level

The past two years have tested our ability to change, adapt and to find new ways of collaboration in a highly disruptive environment. We optimized our processes, provided modern digital tools and created flexible working formats. We consistently provide training and enablement activities on digital collaboration tools, virtual leadership styles and virtual peer-to-peer level cooperation.

To ensure a sustainable change of our working culture and a joint understanding of hybrid work (the combination of working in the office and remotely), we defined a Global Remote Working Guideline in 2021. Based on this framework, we expanded our efforts to adjust the workplace infrastructure to the changing requirements post-COVID as well as to create inspiring and motivational on-site workspaces.

## Attractiveness as employer of choice confirmed

In 2021 we globally rolled-out the 'I create my space' campaign with a gender-focus to particularly address females within our industry on social media. We also added a new e-mobility landing page to our career website to support the 'Let's keep the future moving' campaign and respective recruitment needs. Our talent acquisition efforts were granted several awards such as 'Careers Best Recruiters', 'Germany's most attractive employers', 'Best Recruiters no 1 in our industry', 'PotentialPark', 'Great Place to Work', 'Leading Employers' and 'MINT minded Company'.



## Recruiting expanded in growing markets

Our external initiatives concentrated on supporting recruiting needs primarily within our business unit Electronics and Mechatronics, which pursues ambitious growth targets. The importance of internal mobility of our employees has proven key to quickly filling positions and providing benefits from transferring skills and knowledge sharing. All recruiting measures were supported by the upgrade of our global HR system landscape, which included a new applicant management system that was successfully implemented in many locations worldwide. We strive to ensure more efficiency in the recruiting process through digitized and transparent processes and a better candidate experience for applicants.

## Fair pay and voluntary benefits

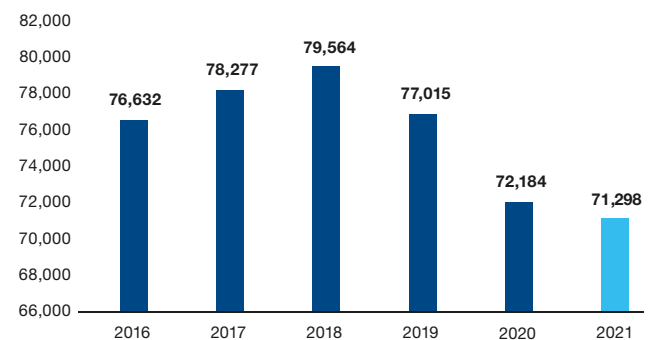
With regard to working conditions, we have implemented different organizational measures to meet the applicable statutory regulations and any rules connected with labor agreements at our locations. We strive to ensure that our employees are remunerated fairly and in line with market conditions. Therefore, we recently implemented new best practice global bonus schemes for both our executives and managers. The new consistent schemes ensure that remuneration is determined by the requirements of the transformation.

In addition to the benefits provided under the law and in labor agreements, we also offer notable supplementary benefits at many locations. For example, in Germany, employees can benefit from an attractive, company-funded pension scheme. Moreover, MAHLE increasingly provides additional benefits in the area of health care and insurance. For example, we offer an annual health check and an employee assistance program to the entire workforce in China and best practice health insurances in both the United States and South America.

## Employee development

At the end of 2021, 71,298 employees were working for the MAHLE Group worldwide; this corresponds to a decrease in personnel of 1.2% compared with the previous year. The personnel adjustments were due in particular to the difficult market situation caused by the COVID-19-pandemic, the global shortage of resources and the general transformation of the automotive industry.

### Headcount Development (2016-2021)\*



\* Data: 12/31/2021, only figures for 2021 included in PwC assurance scope

## New Learning and Development architecture

Targeted training and qualification programs support our employees and managers in their necessary re-/ and up-skilling efforts toward future job profiles and new areas of competence. A comprehensive, global, demand-oriented training and development catalogue which includes cross-functional and career-related learning content is accessible to all employees. MAHLE thus consistently commits to the principle of life-long learning and will continue to drive the introduction of state-of-the-art learning formats such as virtual impulse sessions.



### Regular Annual Employee Dialogue

Regular communication between employees and their supervisors provides the opportunity to clarify expectations and goals, exchange feedback and review results. It is our aspiration that every employee receives a comprehensive performance and behavior review at least once a year in order to support their individual development. In the year under review, 84% of all employees globally received their annual review. A new HR tool landscape and an improved performance review process will be implemented in 2022 to further increase the number of dialogues conducted.

### Leadership Principles

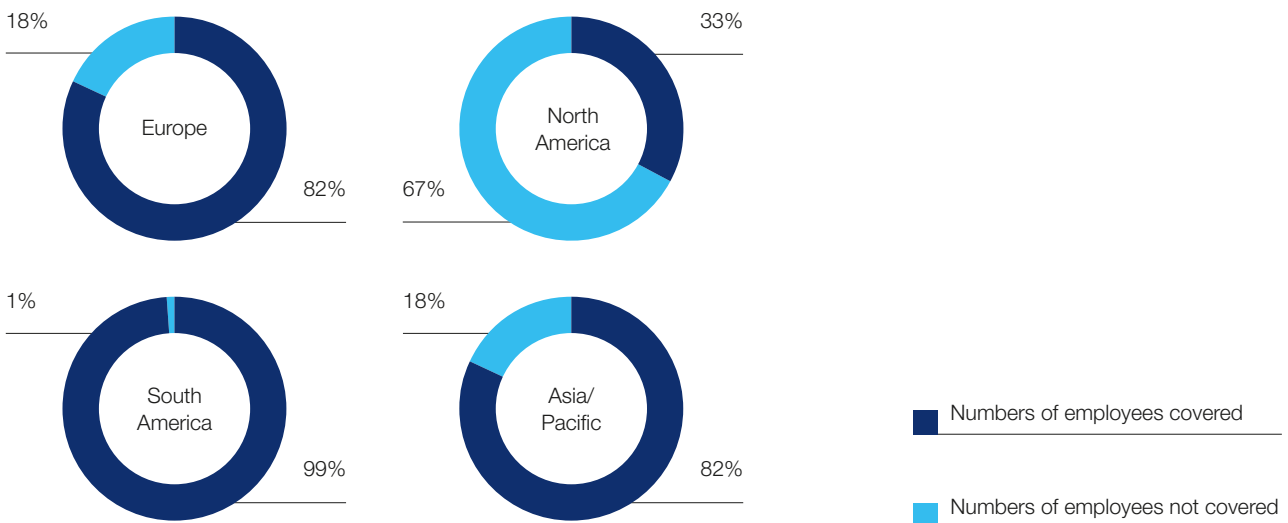
Future-oriented leadership is essential to live up to the MAHLE Vision, the transformation and the strategic goals of our company. The MAHLE Leadership Principles provide orientation and the framework for a global understanding of leadership. In the course of 2021, we fully introduced the Leadership Principles worldwide. The task now is to strengthen them in our daily work processes and ensure sustainable change through regular evaluation.

For more information on the Leadership Principles, see chapter 'The MAHLE Group'.

## Representation of employees' interests

We are keen to maintain close communication with our employees and their representatives. Therefore, we regularly inform them about business developments and initiatives. In most countries and locations, there are local employee representation bodies with whom we cooperate closely. Globally, the working conditions of around 75% of our workforce are subject to a collective bargaining agreement. In Germany, in addition to the location-based Works Councils, a Central Works Council represents the overriding interests of the workforce. The employee representatives from our European locations also send delegates to a European Works Council.

### Percentage of employees covered by collective bargaining agreements\*



\* Data 12/31/2021 without Joint Ventures (JV) or temporary workers

## Diversity, equal opportunity and nondiscrimination

Diversity, equal opportunity and nondiscrimination are firmly anchored in our corporate values as an internationally operating company. We appreciate our global workforce – regardless of gender and gender identity, nationality, ethnic origin, religion or belief, disability, age or sexual orientation. We promote diversity and inclusion of the different experiences and backgrounds of our employees and see this as an opportunity: Through Diversity & Inclusion (D&I), we can increase our innovative performance and support our business goals. We encourage the many aspects of diversity at MAHLE and celebrate our diverse workforce every year through a range of activities, including Diversity Day in May 2021.

### New Diversity & Inclusion (D&I) strategy

MAHLE made a group-wide commitment to promote D&I and to implement corresponding initiatives by signing the Diversity Charta in 2016. We set up a new strategy in 2021 to further demonstrate our commitment which includes a comprehensive plan for the implementation of various D&I measures worldwide in 2022. MAHLE was honored once again for its activities within Diversity & Inclusion, for example with the 'Ford Excellence Award' or as 'Diversity Leaders'.



Initiative during the Diversity Day in May 2021.



### Promotion of female executives

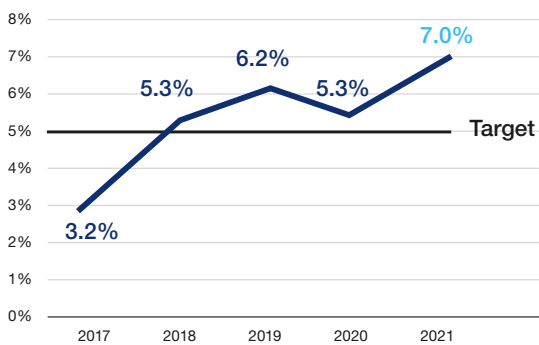
Globally, women account for 25% of the total workforce at MAHLE. 14% of all leadership positions are filled with female leaders.

Irrespective of legal requirements, promoting women has been a particular focus at MAHLE for several years, which is reflected by setting targets for women in management positions at both executive levels below the MAHLE Management Board. Former targets of 5% and 10%, which were originally set for June 30, 2022, have already been achieved in 2021: We accounted for 7% female managers on the first executive level and 10% on the second executive level. A mix of various HR measures, such as targeted succession planning and recruiting, have contributed to supporting this positive development. New ambitious targets will now be set for the next five years to continue moving toward a gender balance in the company.

With regard to the proportion of women on the Supervisory Board of MAHLE GmbH, the Supervisory Board determined the following in 2017: 'For the period until 30 June 2022, the target figure for the proportion of women on the Supervisory Board for employee representatives is set at 20%. The target figure for the shareholder representatives is also set at 20%.'

### Global proportion of female executives (2017-2021)\*

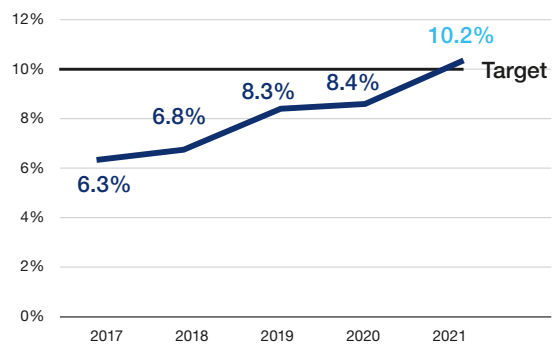
Proportion of women: First executive level



**Proportion of female executives:**

- Global: 7.0%
- Target: 5.0%

Proportion of women: Second executive level



**Proportion of female executives:**

- Global: 10.2%
- Target: 10.0%

\* Data 12/31/2021, only figures for 2021 included in PwC assurance scope



### Eliminating pay gaps

To ensure a good working atmosphere and fair employment conditions, we endeavor to close any gender pay gaps and to prevent them from the outset. As a company that is bound by labor agreements in many regions, we guarantee equal pay regardless of gender. Evaluation and remuneration systems across the organization are designed to be free of gender bias and based on technical criteria. In several countries, we are required by law to work to counter gender pay gaps. In Germany, for example, we prepare a corresponding report in accordance with the Transparency in Wage Structures Act (Entgelttransparenzgesetz).

### Upholding human rights

We believe that upholding human rights, combating child and forced labor and respecting employees' freedom of association are self-evident principles. The MAHLE Business Code imposes an obligation on the company and its employees to comply with

all the laws and regulations applicable in their respective working environments, including regulations designed to prevent forced and child labor. Any violations will be subject to disciplinary action under the applicable labor law. Policies are in place to identify risks both during the recruitment process and for the duration of the employment relationship. A candidate's age and the availability of important documents, such as a residence or work permit, are checked before employment commences.

MAHLE also has a strong employee representation structure. Employee representatives—with whom MAHLE maintains a constructive relationship—are also involved in ensuring human rights are upheld. Employees who witness violations against human rights have the option to report these violations without risking personal disadvantage via our internal reporting channels, be that via their supervisors, the Corporate or Regional Compliance Office, the external ombudsperson, or by using the web-based Integrity Platform whistleblower system.

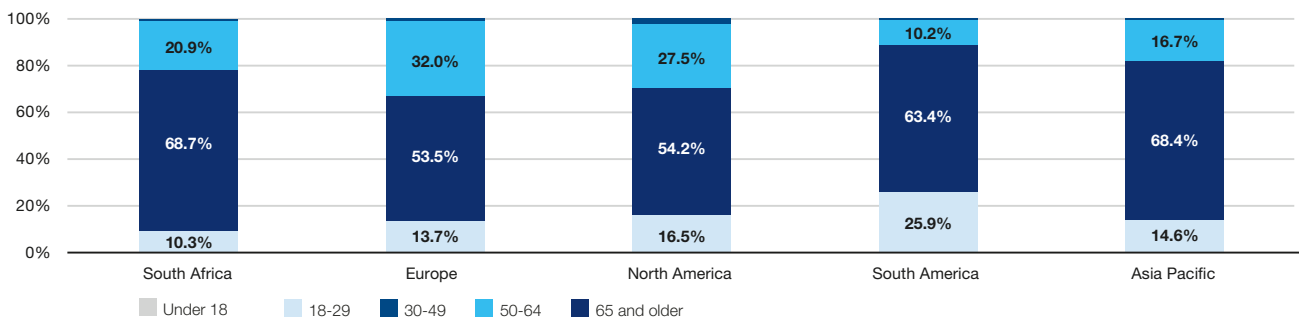


### Generations at MAHLE

At MAHLE, diversity not only means working together across five continents and multiple cultures, but it also stands for collaborating in mixed teams across multiple generations. The average age of our global workforce in 2021 was 41 years. While in Asia/Pacific, South Africa and South America the biggest share of our workforce is between 30-50 years old, the share of employees over the age of 50 in Europe, particularly in Germany and North America is much higher.

Globally, the age structure at the executive level is distributed as follows: 40% of managers on the second executive level are between 30-49 years old, whereby the average age increases with additional responsibility. Two thirds of managers on the first executive level are over 50 years old. We see age diversity as an advantage for MAHLE and are proactively fostering cross-generational teams. We encourage teams to co-create initiatives that combine past learnings with new innovations for greater efficiency.

### Age structure distribution at MAHLE\*



\* Data 31.12.2021 without JV





## Health care and advice

In addition to safety at work, the general well-being of our employees is extremely important to us. We work together to develop needs-based measures to improve our employees' well-being and job satisfaction.

For our older employees, we provide support in the form of advisory services to help them seamlessly adjust to the many changes of a modern-day workplace. Given the amount of change in the past few years at MAHLE, it is important for us to provide a place where they can go and get help, thus ensuring that they are not left behind in the digital transformation.

In 2021 the requirements of the COVID-19 pandemic continued to shape the activities of MAHLE Health Management. The central and local corona crisis teams established at the beginning of 2020 have continued their work to e.g. adapt hygiene concepts and rules anticipating the spread of the infection and the state regulations. At the MAHLE sites, additional on-site testing facilities were created to detect COVID-19 infections in addition to the public health system. Additionally, all employees had the opportunity to be vaccinated against the corona virus through company vaccination campaigns at the MAHLE sites. With a high vaccination participation, this offer was very well received. The health and safety of all employees was and remains the top priority in the corona pandemic.

The technical requirements for mobile work were also greatly expanded within a short period of time, so that large parts of the workforce could work from the home office.



## Occupational health and safety

According to the guiding principle formulated by our company founders, our core responsibility is the well-being of our employees. Beyond the measures taken to address pandemic challenges, we continue to make workplaces safer step by step. Therefore, we proactively tackle this topic across the Group and raise awareness among our employees to keep occupational risks to a minimum.

### Principles of Safety at Work

In 2021 we released updated global guidelines for sustainable occupational health & safety, environmental and climate protection that specifies our principles in more detail. Besides the focus on climate protection, it now includes, for example the focus on machine safety and mental health more explicitly. This guideline provides a framework for a consistent occupational health and safety management throughout the whole Group.

The following three basic Safety at Work rules act as a simple guide for our employees:

#### 1. Safety First

Safety takes top priority. Risks are not accepted.

#### 2. I Care—We Care

We are all responsible: for ourselves and for others.

#### 3. Walk the Talk

Safety is not something we just talk about—it must also be reflected in our actions.





In 2021 93 of our locations were certified in accordance with ISO 45001.

In the MAHLE Business Code, we pledge that we will act in accordance with the applicable standards regarding health, safety at work and environmental protection<sup>2</sup>. Regular training sessions and briefings are designed to prevent accidents and minimize risks.

At corporate level the Sustainability & Occupational Health, Safety and Environment function coordinates and monitors health and safety at work activities worldwide. On-site Occupational Health, Safety and Environment (HSE) representatives, in consultation with the regional HSE managers, are responsible for implementing safety measures. Operational responsibility lies with the respective location managers. Our locations also have safety committees comprising members of management, employee representatives (if applicable) and the location's HSE representative. Their job is to manage and monitor occupational health and safety issues and to establish measures for continuous improvement. Employees participate in finding the root cause of incidents, cases of non-conformity or near-misses and in establishing corrective actions. In practice, for all kinds of workplaces occupational risks must be identified, assessed and addressed by the head of the respective department.

In 2021 93 of our locations were certified in accordance with ISO 45001. We are continuing to work toward our goal of having all MAHLE plants certified to ISO 40500 by 2023.



**ISO 45001 certified locations 2021**

	Europe	North America	South America	Asia/Pacific	Total
ISO 45001 certified locations	47	8	6	32	93

<sup>2</sup>[www.mahle.com/media/global/about-mahle/compliance/2021/210816\\_b-code\\_en\\_03\\_mc.pdf](http://www.mahle.com/media/global/about-mahle/compliance/2021/210816_b-code_en_03_mc.pdf)

**Our objective: to reduce the accident rate**

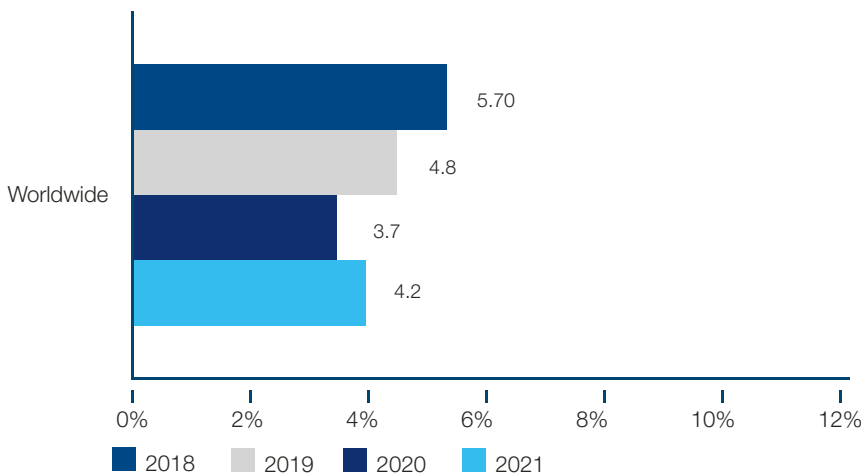
To bring about a continuous reduction in the occurrence of accidents, MAHLE works with individual target agreements of the plants. Accidents were recorded if they caused at least one day of absence, restrictions in work activity, or transfers to other workplaces. After continued improvement in the last years the target for 2021 was set at 3.1 accidents per million

working hours. In mid-2021, we recognized that the positive trend of past years had reversed. The focus on pandemic-related protective measures has had a negative impact on awareness of original workplace risks. The implemented safety measures were not as effective as before the pandemic. Ad-hoc measures were taken to change back the trend. Although the measures showed effects during the second half of the year, the target for 2021 was not met.



We promote good examples of safety at work at our plants, which is why we present an annual MAHLE Safety Excellence Award to plants achieving outstanding safety performance.

**Development of accident rates globally\***



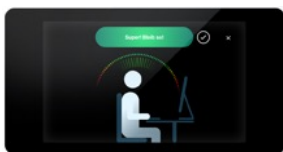
\* only figures for 2021 included in PwC assurance scope

In 2021 the prize went to our plant in Ramos Arizpe/Mexico for their outstanding safety culture awareness program. The program's goal is to increase safe behaviors at work and to encourage all employees to participate in a collective safety culture. There were daily safety talks, new safety campaigns and drawing contests for the employees' children. The location also became ISO 45001 certified and started using a new app for conducting its safety observation tours. Finally, to take a fresh look at the safety of their machines, they completed a machine guarding safety assessment for 100% of their workstations.



## Digital Health Assistant in Mühlacker

To improve the well-being and health of employees who predominantly sit while working, our location in Mühlacker/ Germany implemented a Digital Health Assistant project. The device continuously captures the person's position and gives them recommendations on how to improve their posture and when they should take a standing break. The location purchased 20 units to help their employees avoid back problems and to support healthy office work.



## Trainings and regular observation tours shall ensure safety in all areas

As part of our Group-wide initiative on safety at work, we have a global, mandatory training program for new managers called 'Managing safely.' In the program, we emphasize that safety takes absolute priority at MAHLE and that managers have a special responsibility to ensure safety at the workplace. To increase awareness a dedicated training to address managers safety responsibilities has been rolled out in Germany.

As part of our safety initiatives, we provide ongoing training to employees and work continuously to develop a safety culture that reflects our rule: 'I Care—We Care.' We encourage our employees to report near misses or, where possible, eliminate potential risks.

We also continued the regular safety observation tours (SOTs) of managers at our locations throughout the COVID-19 pandemic, where possible. The compliance with applicable safety at work regulations has been monitored through internal HSE plant audits (see chapter 'Environmental management').

## Dealing with incidents

We have clear policies for the proper handling of work-related hazards. If an incident is reported, we classify

it according to its hazard potential. We record not only events that could endanger our employees but also those that pose a potential risk to our business partners. Incidents that may cause a severe hazard to the well-being of our employees or production and meet defined internal criteria are classified as hazardous events. As such they must be reported via the plant management with minimum delay to the head of the business unit, the relevant central departments, the members of the MAHLE Management Board and Corporate Communications. A dedicated hazardous event alert process is established. If our business partners were directly or indirectly affected by the impact of an incident, we would inform them at the earliest opportunity.

Serious accidents, their causes and the effectiveness of the implemented corrective measures are evaluated by the regional HSE management team together with the affected plant. After analyzing the accident, the corrective and preventive measures are discussed with all parties involved, up to and including the MAHLE Board Member responsible for HSE. The results and lessons learnt are shared with all plants. This supports the continuous learning process that reaches beyond the limits of individual locations, preventing similar incidents from happening elsewhere.

# Environmental management

*MAHLE is committed to its responsibility towards the environment and takes the expectations of its stakeholders seriously. We know that they are increasingly interested in our environmental performance and have therefore integrated global environmental issues into our business strategy. Our Supplier Code of Conduct and our Business Code are an example of these principles.*

Climate change has become the main driver of transformation in the automotive industry. We launched our CO<sub>2</sub> Roadmap to reduce energy consumption and CO<sub>2e</sub> emissions in 2020.

We use raw materials in our production processes and at the same time, we need energy to process these products. Scarcity and price increases for raw materials and energy have a significant impact on business activities. It is therefore our goal to use resources efficiently and to limit the impacts of our processes. Our environmental management system includes energy, emissions, conflict minerals, materials, waste and water.

## Environmental management at MAHLE

Combining stakeholder requirements with our own environmental goals is part of our strategy toward reducing our environmental footprint, increasing efficiency and making us more resilient.

Environmental management is overseen by the Sustainability & Occupational Health, Safety and Environment corporate function with support from the regional departments. Four regional HSE heads report regularly on the status of HSE management. This direct line of communication from our regions to the corporate function head ensures a constant flow of communication about sustainability and HSE topics at MAHLE.

Each production location has an HSE team or at least one HSE officer to ensure compliance to the regulations and the management system. The responsibilities of the local HSE representatives include recording key HSE figures regularly and providing support toward the implementation of the HSE targets. We manage our environmental performance on the basis of the Plan, Do, Act, Check cycle. For the most important topics we have defined key performance indicators (KPIs) on different levels to monitor our progress. Based on the reporting, KPIs are aggregated across the Group and discussed regularly within the MAHLE Management Board.

Our regional HSE representatives coordinate internal audits as part of audit programs and report monthly to internal stakeholders to ensure continuous improvement at the sites. In addition, external audits are conducted to ensure our compliance with statutory environmental requirements. Employees participate in



In 2021 142 of our approximately 160 locations were certified in accordance with the environmental management system ISO 14001 or EMAS.

finding the root cause of incidents, cases of non-conformity and in establishing corrective actions. These actions are later evaluated to ensure that similar incidents are prevented. For cases of non-conformity, the same process is followed and the corresponding actions and corrective measures are documented.

We regularly participate in performance ratings, such as Ecovadis and the CDP and engage with our clients on different aspects of our environmental management.

Our updated Group-wide Guidelines for sustainable occupational health & safety, environmental and climate protection instruct us on how to handle complex environmental topics. It specifies in more detail how environmental standards have to be taken into consideration during the development of new products and processes and calls for existing processes to reduce their environmental impact. Other guidelines include the MAHLE Business Code, which specifies our objectives with regards to health, safety, environmental and climate protection.

Our environmental management system is based on strict international standards. In 2021 142 of our approximately 160 locations were certified to ISO 14001 and/or EMAS.

## Energy consumption and climate protection

MAHLE is a producing company with a high degree of vertical integration. The energy consumed at our locations is a key aspect of our environmental management because reducing our energy



consumption not only protects the environment and saves resources but is also a powerful tool for cutting costs. Smelting and casting metals and carrying out plastics processing operations—primarily injection molding—are among the particularly energy-intensive production processes at MAHLE.

Since 2020, we have analyzed energy efficiency projects, the use of photovoltaic systems and assessed options for neutralizing our CO<sub>2</sub> emissions. The MAHLE Management Board agreed on the goal to be carbon-neutral by 2040 in terms of all direct CO<sub>2</sub>e emissions and those associated with energy purchases. To achieve this important target, we are taking action in the following areas:

1. We aim to increase energy efficiency by 2 percent every year.
2. By operating our own photovoltaic systems, we want to generate electricity from solar power.
3. We want to increasingly use renewable energy sources to cover our electricity demand and minimize our CO<sub>2</sub> emissions.

As far as our production locations in Germany are concerned, their operations were set carbon-neutral for Scope 1 and Scope 2 emissions beginning in 2021.

### Energy monitoring at MAHLE

At our locations, we mainly use electricity, natural gas and heating oil as sources of energy. In 2021 we increased our usage of renewable energy by 45 percent compared to 2020 (see table: 'Energy consumption 2020/21 by source'). Each location records their monthly consumption figures in a central database so that major deviations in monthly trends can be identified and investigated. Annual consumption targets are defined on a plant level.



**MAHLE has the goal to be carbon-neutral by 2040, which includes both Scope 1 and 2 emissions.**



At the end of 2021 fifteen locations were certified in accordance with the ISO 50001 energy management system. At these locations the energy management is supervised by an energy manager and with their support, we subject energy-intensive processes to continuous testing. Some plants also carry out their own energy audits.



We aim to increase our energy efficiency by 2% every year.

### Energy consumption 2020/21 by source\*

Energy source	Unit	2020	2021	Change
Total electricity	MWh	1,879,160	2,122,670	13%
(of which non-renewable)	MWh	1,811,247	2,024,379	12%
(of which renewable)	MWh	67,913	98,291	45%
Heating oil	MWh	23,691	28,515	20%
Natural gas	MWh	790,117	895,597	13%
Other	MWh	75,654	98,900	31%
<b>Total</b>	<b>MWh</b>	<b>2,768,622</b>	<b>3,145,682</b>	<b>14%</b>
Relative energy consumption as measured against sales	MWh/EUR million sales	283	288	2%

\* only figures for 2021 included in PwC assurance scope

## North America Energy and CO<sub>2</sub> savings workshops

In 2021 our North American headquarters kicked off a series of workshops in seven different locations with high energy consumption. These workshops were held in 2021 to discover improvement projects that will lower energy usage and reduce CO<sub>2</sub> emissions in the plants.

The goal of these workshops was to teach plant engineers to perform their own on-site assessments, develop projects out of the results, present them to plant and BU management for approval and then implement them.

Lighting improvements, utilizing alternative energy sources and new demand management tools are just a few examples of the resulting projects identified. In 2021 the first projects related to optimizing compressed air, switching to renewable energy and installing energy management software have been started in some of the plants.



## Renewable Electricity in Chengdu

In 2021 our location in Chengdu/China contracted renewable electricity. The location is now solely powered by water and wind energy for a total savings of 3,500 t CO<sub>2</sub>e/yr. This project simultaneously fulfilled customer expectations and reduced energy costs.



In St. Michael/Austria, a pilot energy-saving project was carried out in 2021. Due to supply shortages and issues caused by COVID-19, not all the production areas were always in use, leading to unnecessary operating costs. The new lighting system uses sensors to detect people and automatically turn on or off the lights. It also automatically controls electricity, compressed air and air conditioning. By using the new measuring devices, the location achieved a reduction of about 175 MWh of electricity per year.

## Reducing greenhouse gas emissions

We currently record the Scope 1<sup>3</sup> and Scope 2<sup>4</sup> greenhouse gas emissions that are connected to our own business activities and report them here in the sustainability report, but also in ratings like the CDP (formerly Carbon Disclosure Project). The CDP organization gave our climate related reporting 2021 a grade of B, on a scale from A to D. We plan to start taking account of emissions in the upstream and downstream value chain (Scope 3) in our data recording.

In terms of reducing our carbon footprint along our value chain MAHLE has taken actions in 2021 to increase the transparency of CO<sub>2</sub>e emissions in our supply chain (Cat. 1 Purchased Goods and Services based on GHG Protocol) and we engaged with our key suppliers to reduce carbon emissions in the supply chain by promoting the use of recycled content in raw materials and supplied parts.

We also started initiatives to further reduce our carbon footprint in other Scope 3 categories such as sustainable business travel and transportation.

## Recycled materials

It is one of our core challenges to develop our business towards a circular economy. To be sustainable in the long-term, material loops need to be closed. We strive to contribute to resource conservation by putting a greater focus on the sustainable composition of our products and on making our products more recyclable, meeting the needed product and material quality. This means we work on the sustainable development of products and the purchasing of sustainable materials. Working toward a circular economy is a task that involves MAHLE as a whole, from R&D and purchasing to production and sales.

One current initiative is our materials project centered on developing products with a higher recycled content. Some of our products already use recycled materials. In 2020 we purchased 10,300 tons of resins with recycled content, which is equivalent to using a total of 8% recycled input materials for making products. In 2021 we assessed our Business Units on their potential for increasing recycled material content in various applications. We also consolidated our customer requests on recycled content to know where they would like to see progress on this topic.

## Greenhouse gas emissions 2020/21 <sup>\*5</sup>

	Unit	2020	2021	Change
Scope 1	t CO <sub>2</sub> e	178,283	210,216	18%
Scope 2	t CO <sub>2</sub> e	1,017,152	924,735	-9%
<b>Total emissions</b>	<b>t CO<sub>2</sub>e</b>	<b>1,195,435</b>	<b>1,134,951</b>	<b>-5%</b>
Relative emissions as measured against sales	t CO <sub>2</sub> e/ EUR million sales	122	104	-14%

\* only figures for 2021 included in PwC assurance scope

<sup>3</sup> Scope 1 covers direct greenhouse gas emissions from combustion processes in the company's own facilities, operations, and vehicles, i.e., heating systems, engine test benches.

<sup>4</sup> Scope 2 encompasses the greenhouse gas emissions produced in the generation of purchased energy, such as electricity, district heating and steam.

<sup>5</sup> All GHG emissions are calculated as CO<sub>2</sub> equivalents in accordance with the Greenhouse Gas Protocol. The Scope 2 emissions factors are market-based.



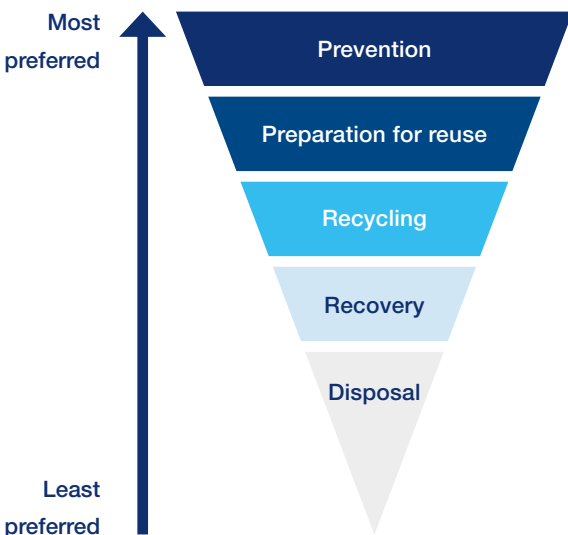
We aim to increase the recycled content of metals, such as aluminum, steel and plastics. Our first step in this direction is our new requirement for suppliers to report whether they use recycled content in their products via the International Material Data System (IMDS).

## Waste management

We try to efficiently use materials in our production processes and when using packaging. The waste pyramid presented below illustrates the principles behind our waste management system. We strive to minimize scrap and surplus, although it is not possible to eliminate production waste entirely. That is why the second step in the pyramid, preparation for reuse, also takes high priority. We aim to further recycle any waste that cannot be reused, while disposal without a recovery of materials should only take place in exceptional cases.

The amount of waste created is regularly communicated as part of our HSE reporting. Since most of our production plants are ISO 14001 certified, their waste management is included as one of the standard environmental topics. We utilize our HSE Process Check Instruction to ensure that waste reduction is considered in the development of new products. This process also requires plants to assess the environmental effects of any changes made to products or processes. Our waste management is regularly monitored and subject to external and internal audits.

### Principles of waste management at MAHLE



### Waste 2021\*

Type	Unit	2021
Metals	tons	93,938
Plastics	tons	5,215
Non-hazardous waste for recycling	tons	38,180
Non-hazardous waste for landfill/incineration	tons	32,396
Hazardous waste for recycling	tons	14,787
Hazardous waste for landfill/incineration	tons	16,441
<b>Total Generated Waste</b>	<b>tons</b>	<b>200,957</b>
Overall generated waste as measured against sales	tons/ EUR million sales	18

\* only figures for 2021 included in PwC assurance scope

### Less Waste in Atlanta

To better protect workers as well as the environment, the Atlantic/USA location replaced its old vapor degreaser with a modified alcohol version. The new degreaser is a closed system, so workers are less exposed to hazardous pollutants, less waste is created, and the pollutants do not volatilize into the air. This project allowed for a reduction of chemical from 12 tons per year to less than 2 tons per year.

### Plastic Waste Reduction in Pune

Our location in Pune/India initiated a project to reduce the amount of plastic used when wrapping large pallets. By replacing the plastic wrapping material with a reusable, durable strap, we were able to reduce plastic use by 40% in this packaging process.



### Keeping a close eye on hazardous substances

The main target of our management system is to replace the use of carcinogenic, mutagenic, bio cumulative substances as well as substances which are toxic for the reproduction, also known as CMR substances. Our suppliers are required to comply with chemical regulations like REACH Regulation, Toxic Substances Control Act (TSCA), Persistent Organic Pollutants Regulation and specific customer requirements on a global scale.

In 2021 we started material and compliance reporting on Compliance Data Exchange (CDX) for our industrial and non-automotive business.

## Water and wastewater management

In order to improve the management of water consumption in the future, we are further developing our Group-wide water reporting system. The water KPIs for each location are accessed globally via a database. We also report on our water usage to the CDP. In 2021 our reporting on water management was awarded a grade C, on a scale from A to D. We plan to make a risk-based assessment within 2022 in order to identify improvement potentials and derive measures for responsible water management.

In 2021 we largely utilized groundwater, third party water and water from the public supply network (see table: '2021 Water footprint by source'). Additionally, we further extend the use of water in a circular way to not waste it—for example, as rinsing and cooling water.



### 2021 water footprint by source\*

Water source	Unit	2020	2021	Change
Third-party or public water	ML	3,691	3,596	-3%
Groundwater/well water	ML	4,004	4,351	9%
Surface water	ML	85	84	-1%
Groundwater withdrawn (processed)	ML	159	209	31%
<b>Total water withdrawal<sup>6</sup></b>	<b>ML</b>	<b>7,974</b>	<b>8,285</b>	<b>4%</b>

### 2021 recycled water\*

Water source	Unit	2020	2021	Change
Recycled water	ML	35	45	29%

\* only figures for 2021 included in PwC assurance scope

<sup>6</sup> Including recycled water



# Sustainable innovations

*Our innovative strength has been the foundation of our success for 100 years. Even in difficult times, we maintain our level of investment in research and development.*



As a forward-thinking development partner to the automotive industry, the MAHLE Group offers its customers complete systems from a range of cutting-edge products.

## Sustainable mobility

For us, sustainability begins in the research and development phase. When thinking about sustainable mobility, our departments for Corporate Planning, Corporate Research and Advanced Engineering look at global and automotive megatrends like electrification.

MAHLE has therefore derived its dual strategy on the basis of these assump-

tions and findings:

1. Strengthening existing business segments: From a technology perspective, we would like to assume a leading role in the ongoing development of the combustion engine—with regard to its operation using climate-neutral hydrogen or e-fuels. We will primarily concentrate on exploiting further emission savings potential with regard to friction, thermal management and the air pathway. We believe that employing synthetic fuels and green hydrogen

presents an even greater opportunity to cut carbon emissions. That is why we are consistently aligning our product portfolio to suit their use. We are offering our customers solutions that are consistent with both current and future legislation and making a significant contribution to reducing emissions.

2. Developing solutions for future mobility scenarios: At the same time, we will push ahead with the development of innovative solutions and products for

alternative powertrain technologies and expand the affected business segments. MAHLE technologies are designed to make powertrains around the world more efficient, cleaner and economical. The indicator we use to measure our progress is the share of sales independent from internal combustion engines. Business segments that are independent of business for passenger car combustion engines today already account for about 60 percent of our Group sales. We intend to increase this proportion continuously and at an even faster pace than before.

We offer exceptional electrification opportunities because we can use fewer components that are rather of a higher value, thus ensuring high quality electrification products. For example, we are developing a magnet-free electric motor (see example below).

Managing this challenge affects various areas of action: first and

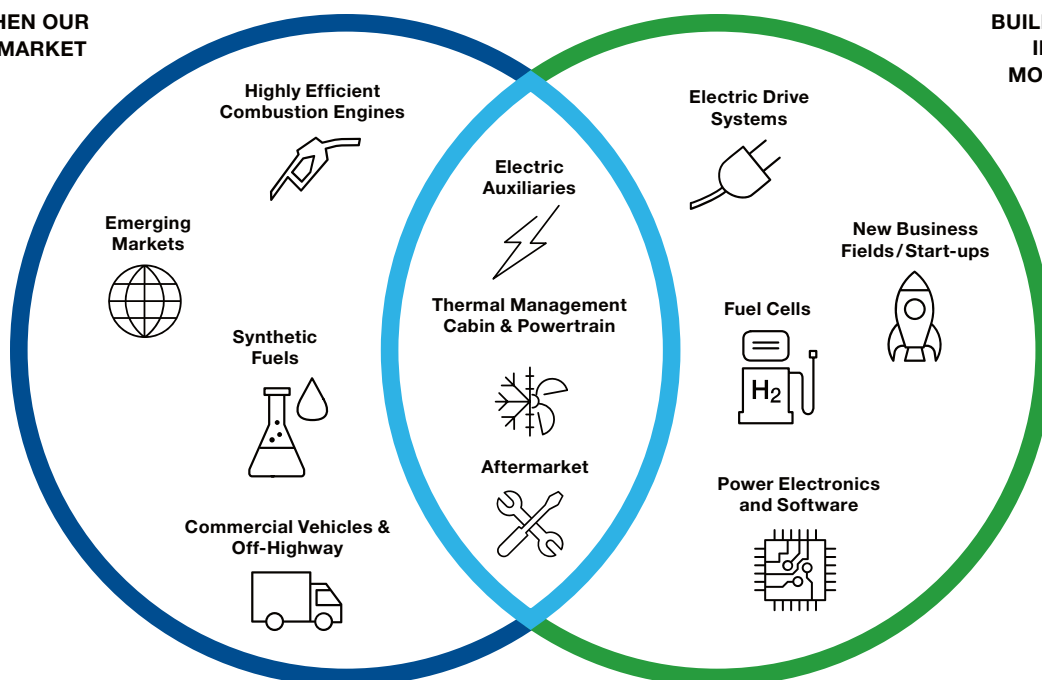
foremost, research and development to develop our product range in a sustainable way. Managing mobility is a collaborative effort across all business units and central functions.

To achieve our mobility goals, we provide programs and platforms to support innovation within the company. We are increasing our R&D employee count, creating interdisciplinary development teams and taking advantage of the agility and innovative ideas from start-ups. We maintain group-wide R&D activities in relevant topics to steadily grow our e-mobility portfolio. For example, our own corporate start-up chargeBIG developed an intelligent charging management system for daily parkers and fleet operations (see example below). We are the technology driver of future mobility solutions, but our mobility goals would be nothing without our commitment to climate protection. Our CO<sub>2</sub> neutrality strategy not only lowers our environmental impact, but it also secures future employment for our employees.

### Dual strategy

**STRENGTHEN OUR EXISTING MARKET POSITION**

**BUILD THE FUTURE IN A CHANGING MOBILITY WORLD**



## New activities and facilities

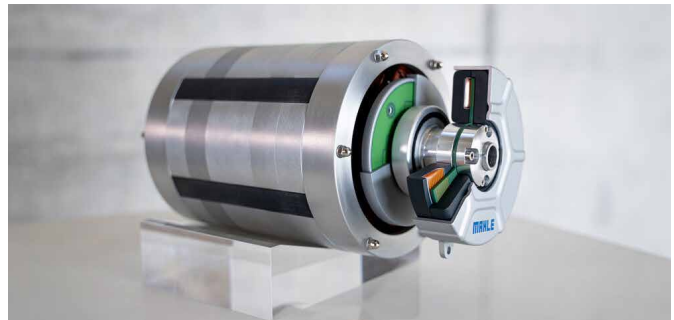
In 2021 we specifically worked on further expanding our development footprint in the area of e-mobility and hydrogen. A hydrogen test center was commissioned for this purpose at our location in Stuttgart/Germany. Here, we conduct experiments relating to fuel cells, their periphery and cooling and hydrogen engines. We opened a new development center in Changshu/China. Work there focuses on developing solutions for alternative drives and expanding the company's systems competence in the areas of electric powertrains, as well as in electronics and mechatronics. In addition, MAHLE became a development partner of the newly created race series DTM Electric in 2021.

## MAHLE develops an electric motor without rare earth elements

MAHLE is currently developing a new magnet-free electric motor that does not require rare earth elements. This not only makes production more environmentally friendly, but also delivers benefits in terms of costs and resource security. The central feature of the new motor is the inductive—and thus contactless—power transmission, which allows the motor to operate wear-free and particularly efficiently at high speeds. The level of efficiency is above 95 percent in the most common conditions in which the drive system is used. This new development is easily scalable, so it can be used in anything from subcompacts to commercial vehicles.



With our innovative solutions and our versatile product portfolio, we are making our contribution to environmental and climate protection.





## MAHLE offers intelligent charging infrastructure solution

MAHLE chargeBIG is enabling future mobility by providing large scale and cost effective charging infrastructure. chargeBIG offers a grid-friendly system with intelligent load and tariff management and a turn key ready solution for charging demands. chargeBIG provides an AC destination charging solution for fleets and use cases of 18 to 100 or more charging points. This solution is specialized on charging while parking with charging power up to 7.2 kW. The system conforms to calibration law requirements and is easy to use. With its complete portfolio, chargeBIG is a provider of charging hardware and load management, charging point operator and mobility service provider with an own charging app.



## Product responsibility

Our success is based on quality. Innovative, defect-free and reliable products and systems are at the heart of this. That is why quality targets are core elements of our annual business plan. We define them from the top down, flesh them out from the bottom up, and consolidate them across the operational business areas. In addition, a Group-wide quality management system has been used in all our business processes for many years now.

Malfunctions can have serious consequences in the case of safety-related components for automobiles. We therefore assume responsibility for the safety of our products throughout their planned life cycle by defining their function description for customers. This is something we take into consideration right from the product development stage.

If, despite all these precautions, a product recall becomes necessary, MAHLE works in close coordination with its customers and the relevant supervisory authorities. An ad hoc reporting chain is used to inform the business unit's leadership and the MAHLE Management Board.

Customer complaints in the automotive segment fell by 19 percent in 2021 compared with the previous year. We were able to further reduce the number of faulty delivered parts in the year under review. Furthermore, the quality of our products was again acknowledged by more than 75 customers in the 2021 business year.

# Sustainability in the supply chain

*For us, it has always been clear that we are responsible for our supply chain. Recent developments in customer requests regarding conflict minerals and the new German Supply Chain Act have even increased our understanding of this responsibility. Therefore, the prerequisite to conduct business with MAHLE remains unchanged: full compliance with our sustainability requirements, from the production of materials to their impact on people, the environment and the working conditions at supplier companies.*

## Supplier management

Our supply chain is key for the achievement of our sustainability goals. Thus, it is crucial that suppliers act according to the standards defined by MAHLE. As an example, if suppliers contracted by us violate social or environmental standards, this may hurt MAHLE in the form of supply disruptions, quality and cost problems, or damage to our reputation. Therefore, imposing sustainability aspects in the supply chain helps us avoid risk. Moreover, suppliers who operate sustainably often prove to be reliable and innovative partners in the long term.

### The MAHLE supplier network

Our network comprises around 7,000 direct suppliers for our production materials alone. The most important supplier countries are China, Germany and the United States. We procure raw materials, semi-finished products and prefabricated items, ranging from simple plastic parts to complex mechatronic assemblies. In the automotive industry it is important to fulfill global quality standards for our products. This and maintaining competitiveness require us to source materials from global supply markets.

### Largest supplier countries by purchasing volume 2021

Ranking	Supplier country	Volume
1	China	19%
2	Germany	17%
3	USA	16%
4	South Korea	6%
5	Japan	5%
6	Italy	4%
7	Brazil	3%
8	India	3%
9	Spain	3%
10	Mexico	3%

### The Supplier Code of Conduct

The suppliers have to accept our Supplier Code of Conduct<sup>7</sup> and are expected to enforce our guidelines in their own supply chain.

The Supplier Code of Conduct contains guidelines in the following areas:

- Human rights: prohibition of forced or child labor, promotion of equal opportunities, protection from discrimination, freedom of association
- Working conditions: working hours and holiday, occupational health and safety

- Prohibition of corruption and bribery
- Fair and free competition
- Data protection and confidentiality
- Environmental and climate protection
- Exclusion of conflict minerals use

In view of the complexity of our supply chain, in recent years we took measures to harmonize our sustainability activities across the Group. We provide supplementary information on our procurement and supplier management in the MAHLE Supplier Guideline. The Guideline includes additional instructions for suppliers in selected business areas and regions that depend on legal regulations or specific customer requirements. For example, suppliers to our companies in the USA are required to report on the fulfillment of diversity criteria and the inclusion of minorities in their workforce.



The MAHLE Integrity Platform allows suppliers and other parties to register violations of our code of conduct or laws.

<sup>7</sup> [www.mahle.com/en/purchasing/general-guidelines-for-suppliers/](http://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/)

## Supplier registration and assessment

We focus on sustainability aspects early on during the assessment of our suppliers. Upcoming regulatory requirements as the German Supply Chain Act confirm that due diligence is crucial to identify sustainability risks early on. When selecting suppliers, one factor we consider is their compliance with certified quality and environmental management standards, which are assessed as a part of the initial audits. The initial audit must be passed successfully in order to be considered in our supplier panel. If quotations are equal in quality and price, environmental criteria, such as ISO 14001 certification, are considered as one deciding factor. We aim to introduce uniform supplier scorecards to facilitate the assessment of suppliers based on quantitative key performance indicators (KPIs). In addition to social factors, the criteria will include environmental topics, hazardous substances and carbon footprints.

When registering new suppliers, we request to provide their valid certifications via the supplier portal. These may include IATF 16949 and ISO 9001 or ISO 14001. We also assess them regularly after they are commissioned and require certificates to be renewed on a timely basis.

## Risk management in the supply chain

We use a software system that allows us to monitor risks that may arise in the supply chain. This is done on the basis of 76 indicators in different areas, ranging from key financial figures to location indicators and figures relating to environmental or social aspects. The continuous monitoring means our purchasers receive an early warning of any increased risk, enabling us to promptly respond with the

appropriate countermeasures. The risk management tool currently monitors around 80 percent of our expenditure in this area.

In the event of a clear violation of our code of conduct, we urge the supplier to remedy the problem. Ultimately, we would remove the supplier from our supplier panel. We report serious compliance violations to our Compliance Office for appropriate action. At the same time, both our suppliers and their suppliers can register violations of our code of conduct using the MAHLE Integrity Platform.

## Virtual Supplier Forum 2021

In order to emphasize the importance of sustainability in our supply chain, we conveyed our key messages regarding sustainability in a dedicated session during the Virtual Supplier Forum 2021, to which a large group of our suppliers were invited.

Among the many dimensions of sustainability, a special focus was given to the topics 'Climate and Environment' and 'Sustainable Procurement'. Suppliers were informed about the MAHLE CO<sub>2</sub> Roadmap including our key levers to reach our Scope 1 and Scope 2 targets. We also highlighted the required contribution of suppliers regarding our Scope 3 emissions reduction. A special focus was given toward preparation for the start of the German Supply Chain Act by laying out the mandatory requirements towards our suppliers for conducting any future business.

## Conflict minerals regulations

MAHLE implemented a process that consists in identifying and better managing risks throughout the entire mineral supply chain.



Compliance and sustainable action as defined in our Supplier Code of Conduct are prerequisites for our suppliers in the MAHLE supplier panel.

Our process is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. All affected suppliers must provide an official Conflict Mineral Reporting Template (CMRT) to MAHLE. In cases of non-compliance with our due diligence red flags, an escalation process will be started.

The annual CMRT campaigns have been expanded and now include cobalt and mica, a group of 37 types of silicate minerals, in order to increase transparency and ensure that our supply chain is free from conflict materials.



# The MAHLE Foundation

*This nonprofit foundation holds 99.9 percent of the shares in the MAHLE Group but has no voting rights, as a matter of principle. The foundation uses the annual dividend from the Group's net income for the year to support social projects. This arrangement guarantees the Group's independence and ensures that the majority of the profit generated can be reinvested in the company.*



Our company founders, Hermann and Dr. Ernst Mahle, associated their commercial success with social responsibility at an early stage. In 1964, they established the MAHLE Foundation.

In line with the objectives stated in its Articles of Association, the foundation is particularly involved in health and nursing care, agriculture and food, education and upbringing, as well as art and culture. It provides start-up financing but also supports a number of more long-term projects. One of its core projects has always been the construction and ongoing sponsorship of the Filderklinik (Filder hospital) in Filderstadt-Bonlanden near Stuttgart/Germany.

The MAHLE Foundation also supports around 150 projects and initiatives throughout the world every year. The initiatives are described in detail in the MAHLE Foundation's Annual Report<sup>8</sup>.



<sup>8</sup> [www.mahle-stiftung.de/en/downloads/](http://www.mahle-stiftung.de/en/downloads/)

# Report profile

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It relates to the whole MAHLE Group with its around 160 production locations, 12 research and development centers and its associated business segments. Holdings in which MAHLE is not the majority shareholder have not been taken into account.

The reporting period relates to the 2021 business year—that is, the period between January 1, 2021 and December 31, 2021.

We plan to publish a Sustainability Report with external assurance every year. The publication of the report for the reporting period 2022 is anticipated in 2023.

# PwC Auditor's Report

## Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information

To MAHLE International GmbH, Stuttgart

We have performed a limited assurance engagement on the 2021 Sustainability Report of MAHLE International GmbH, Stuttgart (hereinafter the 'Company') for the period from 1 January to 31 December 2021 (hereinafter the 'Report').

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Report.

### Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the 'GRI-Criteria').

This responsibility includes the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

### Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ('Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer': 'BS WP/vBP') as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the disclosures in the Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the disclosures in the Company's Report, other than the external sources of documentation or expert opinions mentioned in the Report, are not prepared, in all material respects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement and accordingly a substantially lower level of assurance is ob-



tained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Inspection of processes for collecting, controlling, analyzing and aggregating selected data at specific sites of the Company on a sample basis, incl.
  - Physical site visits at Markgröningen, Germany and Mühlacker, Germany
  - Virtual sit visits at Krotoszyn, Poland; Pithampur, India; Juárez, Mexico and Mogi Guaçu, Brazil
- Analytical procedures on selected disclosures in the Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and the group management report
- Evaluation of the presentation of the selected disclosures

### Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Report of the Company for the period from 1 January 2021 to 31 December 2021 are not prepared, in all material respects, in accordance with the relevant GRI-Criteria.

### Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt, 23 August 2022  
PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke

ppa. Thomas Groth

Wirtschaftsprüferin  
[German public auditor]

# SDG Index

## SDGs relevant to the MAHLE Group

SDG	Goals	2021 Status	Page
	<ul style="list-style-type: none"> <li>■ Certify all locations in accordance with ISO 45001 by 2023</li> <li>■ Further reduce the accident rate, goal for 2021: 3.1 accidents/million working hours</li> </ul>	<ul style="list-style-type: none"> <li>■ ISO 45001: 93 locations certified</li> <li>■ Updated HSE Guideline, explicitly covering mental health &amp; machine safety</li> <li>■ Chemical management system, Supplier Code of Conduct</li> <li>■ Accident rate 2021: 4.23*</li> </ul>	30-33
	<ul style="list-style-type: none"> <li>■ 20% representation of women on Supervisory Board for employee representatives and 5% for German MAHLE companies for first management level, 10% representation for second management level by 2022</li> </ul>	<ul style="list-style-type: none"> <li>■ Equal pay guarantee</li> <li>■ Global Diversity &amp; Inclusion Commitment</li> <li>■ 6% female managers on first executive level, 10% on second executive level</li> </ul>	27
	<ul style="list-style-type: none"> <li>■ Carry out an in-depth assessment of our water footprint and related water risks</li> </ul>	<ul style="list-style-type: none"> <li>■ Report water usage to the CDP, Rating C</li> </ul>	41
	<ul style="list-style-type: none"> <li>■ Become CO<sub>2</sub> neutral by 2040 (Scope 1 &amp; 2)</li> <li>■ Operate our own PV systems</li> <li>■ Increase energy efficiency by 2% every year</li> </ul>	<ul style="list-style-type: none"> <li>■ Report energy usage to the CDP, Rating B</li> <li>■ Launched CO<sub>2</sub> roadmap</li> <li>■ Energy consumption as measured against sales: 288 MWh / 1 Million €</li> <li>■ 15 locations certified in accordance with ISO 50001</li> <li>■ German locations set CO<sub>2</sub> neutral</li> <li>■ Reduction of emissions by 31% against 2018</li> </ul>	35-38
	<ul style="list-style-type: none"> <li>■ Expand development in e-mobility</li> </ul>	<ul style="list-style-type: none"> <li>■ Communication with employee representation bodies</li> <li>■ Conform with statutory regulations and offer supplementary benefits at many locations</li> <li>■ MAHLE Business Code</li> </ul>	25, 28, 42-43
	<ul style="list-style-type: none"> <li>■ Optimize technology to cut emissions from the passenger car fleet by 37.5% and by 31% for light commercial vehicles by 2030</li> <li>■ Increase R&amp;D and start-up activities</li> </ul>	<ul style="list-style-type: none"> <li>■ Around 60% of sales generated independently of combustion engine</li> <li>■ Increase our R&amp;D employee count</li> </ul>	42-45
	<ul style="list-style-type: none"> <li>■ Carry out an in-depth assessment of our waste management and further develop reporting system</li> </ul>	<ul style="list-style-type: none"> <li>■ Reported waste numbers for the first time</li> <li>■ Virtual Supplier Forum 2021 — focus on sustainable procurement and climate</li> <li>■ Expanded Conflict Minerals Reporting Template</li> <li>■ Started project to use more recycled content in products</li> </ul>	39-40, 46-47

SDGs chosen based on analyses of customer requirements and the MAHLE Materiality Matrix.

\* DART incident rate calculation in days away from work, restricted work activity or job transfer rate.

# GRI Content Index

All major, relevant sustainability topics are organized by means of an integrated management approach for the purpose of identifying and avoiding risks. The components of the approach, including policies, goals, responsibilities, resources and feedback mechanisms, are regularly internally reviewed to

ensure their effectiveness. Modifications and optimizations are undertaken in line with current requirements. If there is an additional approach for a specific topic, this is explicitly stated in the applicable chapter.

## GRI 102: GENERAL DISCLOSURES 2016

Standard	Disclosure	Page	Omissions/explanations
GRI 102-1: Name of the organization		5	
GRI 102-2: Activities, brands, products and services		6, 8	
GRI 102-3: Location of headquarters		5	
GRI 102-4: Location of operations		10-11	
GRI 102-5: Ownership and legal form		6	
GRI 102-6: Markets served		9	
GRI 102-7: Scale of the organization		9	<b>a. iv.</b> Consolidated equity in the year under review was EUR 2,050 million and net debt was EUR 1,056 million
GRI 102-8: Information on employees and other workers		10-11	<p><b>a.</b> Information unavailable: We do have the proportion of female employees at MAHLE, but not divided into employment contract yet.</p> <p><b>b.</b> Information unavailable: During the time of review our system cannot provide any more detailed information on the division of employees by contract and by region.</p> <p><b>c.</b> Information unavailable: Most of our workforce is employed full-time; only in Germany do we have a small amount of part-time employees, measuring about 2%.</p> <p><b>d.</b> Only an insignificant amount of our business activity is performed by workers who are not employees, but we do not have an exact number.</p> <p><b>e.</b> No significant variations reported in Disclosures 102-8-a, 102-8-b and 102-8-c.</p>
GRI 102-9: Supply chain		46-47	

Standard	Disclosure	Page	Omissions/explanations
GRI 102-10: Significant changes to the organization and its supply chain			There were no significant changes to the organization during the reporting period.
GRI 102-11: Precautionary Principle or approach		17	
GRI 102-12: External initiatives		48	
GRI 102-13: Membership of associations		16-17	
GRI 102-14: Statement from senior decision-maker		4	
GRI 102-15: Key impacts, risks and opportunities		15, 17	
GRI 102-16: Values, principles, standards and norms of behavior		3, 6	
GRI 102-18: Governance structure		6, 14	
GRI 102-31: Review of economic, environmental and social topics		14-15	
GRI 102-40: List of stakeholder groups			<p>List of relevant Stakeholders:</p> <ul style="list-style-type: none"> <li><b>a.</b> our employees</li> <li><b>b.</b> customers</li> <li><b>c.</b> the general public</li> <li><b>d.</b> local, national and international authorities and associations</li> <li><b>e.</b> competitors</li> <li><b>f.</b> debit capital providers</li> <li><b>g.</b> insurance companies</li> <li><b>h.</b> interest groups</li> <li><b>i.</b> the MAHLE Foundation, MABEG, the Management Board, the Works Council and the Supervisory Board</li> <li><b>j.</b> governmental bodies</li> <li><b>k.</b> our suppliers</li> <li><b>l.</b> vulnerable groups in other countries</li> <li><b>m.</b> potential employees</li> </ul>
GRI 102-41: Collective bargaining agreements		25	
GRI 102-42: Identifying and selecting stakeholders		15	
GRI 102-43: Approach to stakeholder engagement		15	



Standard	Disclosure	Page	Omissions/explanations
GRI 102-44: Key topics and concerns raised		16	Corporate External Affairs responds to and is responsible for stakeholder engagement.
GRI 102-45: Entities included in the consolidated financial statements		n/a	AR 2021, pp. 80-85
GRI 102-46: Defining report content and topic Boundaries		15, 49	
GRI 102-47: List of material topics		n/a	Mobility Nondiscrimination Water and effluents Occupational Health and Safety Emissions Anti-corruption Waste Anti-competitive behavior Employment Energy Sustainable product development
GRI 102-48: Restatements of information		n/a	<b>a.</b> No restatements of information
GRI 102-49: Changes in reporting		n/a	Due to an updated materiality analysis, the list of material topics became smaller and more precise.
GRI 102-50: Reporting period		49	
GRI 102-51: Date of most recent report		n/a	The most recent Sustainability Report covered 2020 and came out in 2021.
GRI 102-52: Reporting cycle		49	
GRI 102-53: Contact point for questions regarding the report		n/a	See back of report.
GRI 102-54: Claims of reporting in accordance with the GRI Standards		49	
GRI 102-55: GRI content index		53-63	
GRI 102-56: External assurance		50-51	The Sustainability Report 2021 has been externally assured by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. A limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) was performed.

## Topic-specific Standards

GRI Standard	Disclosure	Page	Omissions/explanations
<b>Procurement Practices</b>			
GRI 103: Management Approach 2016	103-2	46-47	
	103-3	47	
	GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	n/a
<b>Anticorruption</b>			
GRI 103: Management Approach 2016	103-1	20	
	103-2	17-19	
	103-3	n/a	<b>a. ii., iii.</b> Confidentiality constraints
GRI 205: Anticorruption 2016	205-1 Operations assessed for risks related to corruption	n/a	<b>a.</b> Confidentiality constraints: Numbers of operations assessed for corruption are not published for reasons of confidentiality.
	205-2 Communication and training about anticorruption policies and procedures	20	Only absolute figures are given. <b>a., b., d. and e.</b> Further explanation: Trainings are mandatory for members of the Management Board, members of the MAHLE Management Committee and for executives and employees in risk-exposed areas. <b>c.,</b> we inform all our suppliers about MAHLE's binding Supplier Code of Conduct. Additionally, the Supplier Code of Conduct and the MAHLE Business Code are published on the Internet, available for all business partners and the public.
<b>Anticompetitive Behavior</b>			
GRI 103: Management Approach 2016	103-1	20-21	
	103-2	17-20	
	103-3	21	
GRI 206: Anticompetitive Behavior	206-1 Legal actions for anticompetitive behavior, antitrust, and monopoly practices	20	<b>a., b.</b> Confidentiality constraints. Numbers of such legal actions are not published for reasons of confidentiality. AR 2021, p. 54
<b>Materials</b>			
GRI 103: Management Approach 2016	103-1	38-40	
	103-2	34	
	103-3	39	
GRI 301: Materials 2016	301-2 Recycled input materials used	38	

GRI Standard	Disclosure	Page	Omissions/explanations
<b>Energy</b>			
GRI 103: Management Approach 2016	103-1	34	
	103-2	34-35	
	103-3	35	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	36	<p><b>a.</b> From table: 'other' sources includes propane, LPG, natural gas, diesel, gasoline, propane and district heat/steam.</p> <p><b>c. ii./iii.</b> Information unavailable: Proportion of heating vs. cooling</p> <p><b>d.</b> Not applicable to our market</p> <p><b>f.</b> We adhere to the GHG Protocol</p> <p><b>g.</b> DEFRA 2021, IPCC 2006, IEA 2021</p>
	302-3 Energy intensity	36	<p><b>b.</b> The denominator is sales</p> <p><b>d.</b> Within the organization</p>
	302-4 Reduction of energy consumption	36	<p><b>c.</b> Base year is 2018 for GHG targets and 2019 for energy efficiency targets</p> <p><b>d.</b> Calculation methods as per GHG Protocol</p>
<b>Water and Effluents</b>			
GRI 103 Management Approach 2021	103-1	34	
	103-2	34	
	103-3	34	<b>a. i., ii., iii.</b> Information unavailable: We want to report on our water management approach and evaluation in more detail in the future. During the reporting period the management approach was not evaluated.
GRI 303 Water and Effluents 2018	303-2 Management of water discharge-related impacts	41	<b>a.</b> Information unavailable: Our locations are responsible for their compliance with local prescribed and legal requirements. We do not have a global minimum standard set for the quality of effluent discharge.
	303-3 Water withdrawal	41	<p><b>a. iii.</b> Not applicable. We do not source seawater.</p> <p><b>b., c.</b> Information unavailable: We do not yet aggregate data on areas with water stress or by freshwater/other water.</p>
<b>Emissions</b>			
GRI 103: Management Approach 2016	103-1	34	
	103-2	34-35	
	103-3	38	

GRI Standard	Disclosure	Page	Omissions/explanations
<b>Emissions</b>			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	38	<p><b>b.</b> We report on CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.</p> <p><b>c.</b> Not applicable to our industry</p> <p><b>e.</b> Emission factors are site-specific and CO<sub>2</sub>e equivalents are based on the DEFRA 2020 and IEA 2019. GWP rates correspond to IPCC Fifth Assessment Report.</p> <p><b>f.</b> operational control</p>
	305-2 Energy indirect (Scope 2) GHG emissions	38	<p><b>e.</b> Emission factors are site-specific and CO<sub>2</sub>e equivalents are based on the DEFRA 2020 and IEA 2019. GWP rates correspond to IPCC Fifth Assessment Report.</p>
	305-3 Other indirect (Scope 3) GHG emissions	n/a	<p>We are taking account of Scope 3 emissions in our data recording in the coming years, starting with CDP Report 2021.</p>
	305-4 GHG emissions intensity	38	<p><b>b.</b> The denominator is sales</p> <p><b>c.</b> Scope 1 and Scope 2 included</p> <p><b>d.</b> All types of greenhouse gases included, given as CO<sub>2</sub> equivalents</p>
	305-6 Emissions of ozone-depleting substances (ODS)	n/a	<p>Information unavailable: We do not yet aggregate information on air pollutants, such as NO<sub>x</sub> (nitrogen oxides), SO<sub>x</sub> (sulfur oxides), or ODS (ozone-depleting substances), across the Group.</p>
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other significant air emissions	n/a	<p>Information unavailable: We do not yet aggregate information on air pollutants, such as NO<sub>x</sub> (nitrogen oxides), SO<sub>x</sub> (sulfur oxides), or ODS (ozone-depleting substances), across the Group.</p>
<b>Waste</b>			
GRI 3-3 Management Approach 2021	103-1	34	
	103-2	34, 39	
	103-3	34, 39	<p><b>a. i., ii., iii.</b> Information unavailable: We want to report on our waste management approach and evaluation in more detail in the future. During the reporting period the management approach was not evaluated.</p>
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	39	<p><b>a. i., ii.</b> Information unavailable: We are in the process of improving our waste management approach.</p>
	306-2 Management of significant waste-related impacts	n/a	<p>Information unavailable: We are in the process of increasing the amount of recycled material we use in products, which will help prevent waste generation.</p>
	306-3 Waste generated	39	



GRI Standard	Disclosure	Page	Omissions/explanations
<b>Environmental Compliance</b>			
GRI 103: Management Approach 2016	103-1	18, 34-35	
	103-2	18, 34-35	
	103-3	18, 34-35	
GRI 307: Environmental Compliance	307-1 Noncompliance with environmental laws and regulations	n/a	<p><b>a.</b> Confidentiality restraints: Numbers of fines and their monetary value are not published for reasons of confidentiality.</p> <p><b>b.</b> Confidentiality restraints: Non-compliance sanctions are not published for reasons of confidentiality.</p>
<b>Supplier Environmental Assessment</b>			
GRI 103: Management Approach 2016	103-1	46-47	
	103-2	46-47	
	103-3	46-47	
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	47	The environmental certifications of all new suppliers of production materials are checked.
<b>Employment</b>			
GRI 103: Management Approach 2016	103-1	22-23	
	103-2	22-23	
	103-3	22-23	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	n/a	<p><b>a., b.</b> Information unavailable: We do not currently record new employee hires and employee turnover by gender, age group and region. We plan to record the corresponding data for the next reporting period.</p>
		n/a	<p>We are in the process of creating a Group-wide database to collect further information on some of these benefits.</p> <p><b>a. i.– iii.</b> Information unavailable: Some locations offer sick leave and accident insurance, but this is decided on a local level.</p> <p><b>a. iv.</b> See 401-3</p> <p><b>a. v.</b> Information unavailable: We offer supplementary benefits at many locations, such as a company-funded pension scheme in Germany.</p> <p><b>a. vi.</b> There is no employee stock ownership plan at MAHLE.</p>
	401-3 Parental leave	n/a	<p><b>a.</b> Information unavailable: In alignment with legal requirements.</p> <p><b>b. – e.</b> Information unavailable: We are in the process of creating a Group-wide database. Information is currently only available for Germany.</p>
<b>Labor-Management Relations</b>			
GRI 3-3 Management Approach 2021	103-1	25	
	103-2	25	
	103-3	25	
GRI 402: Labor-Management Relations 2016	402-1 Minimum notice periods regarding operational changes	n/a	<b>a., b.</b> Information unavailable: A standard answer cannot be given, depends on the specific circumstances at the locations.

GRI Standard	Disclosure	Page	Omissions/explanations	
<b>Occupational Health and Safety</b>				
GRI 3-3 Management Approach 2021	103-1	30-31		
	103-2	30-31		
	103-3	30-31		
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	30-31		
	403-2 Hazard identification, risk assessment and incident investigation	33	<p><b>b.</b> Further explanation: The processes for workers to report hazards is location specific and according to the management system. Workers can report any violations via the Integrity Platform, which ensures confidentiality and anonymity.</p> <p><b>c.</b> Information unavailable: An answer on a global level cannot be given, but the regions and individual locations may have such policies.</p>	
	403-4 Worker participation, consultation and communication on occupational health and safety	32-33	<p><b>a.</b> Further explanation: Locations have implemented local processes for worker participation and consultation.</p> <p><b>b.</b> Information unavailable: We do have safety committees (see chapter 'Working at MAHLE') but more detailed descriptions are not available due to disparities between locations.</p>	
	403-5 Worker training on occupational health and safety	32-33		
	403-6 Promotion of worker health	32-33		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	32-33	In the event that our business partners are directly or indirectly affected by the impact of an incident, we tell them at the earliest opportunity.	
	403-9 Work-related injuries	n/a		<b>a. i., ii.</b> Confidentiality constraints: Numbers and rates of fatalities and high-consequence injuries are not published for reasons of confidentiality.
		n/a		<b>a. iv.</b> Information unavailable: Types of injury are not yet documented in a standardized form. We are working on a centralized method of data acquisition.
		n/a		<b>b. i.-v.</b> Information unavailable: Data not yet recorded
n/a			<b>c. i.-ii.</b> Confidentiality constraints: Work related hazards are not published for reasons of confidentiality.	
32			<b>e.</b> Rates have been calculated based on 1,000,000 hours worked.	
n/a			<b>f.</b> Information unavailable: Data not yet recorded	

GRI Standard	Disclosure	Page	Omissions/explanations
<b>Training and Education</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	24	
	103-3	24	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	25	
	404-2 Programs for upgrading employee skills and transition assistance programs	25	<b>b.</b> We offer our employees numerous transition assistance programs, such as for going into retirement.
	404-3 Percentage of employees receiving regular performance and career development reviews	25	<b>a.</b> Information unavailable: Our system does not yet allow for a breakdown of total employees who received a performance and career review by gender or employee category, it is only possible to do so by location. In the future performance reviews will be mapped on a different system that will allow a more detailed breakdown of evaluation criteria.
<b>Diversity and Equal Opportunity</b>			
GRI 103: Management Approach 2016	103-1	6, 22	
	103-2	6, 22	
	103-3	6, 22	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	27	
<b>Nondiscrimination</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	6, 26	
	103-3	6, 26	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	n/a	<p><b>a.</b> Confidentiality constraints: Numbers of reported incidents are not published for reasons of confidentiality.</p> <p><b>b.</b> Confidentiality constraints: Details of reported incidents are not published for reasons of confidentiality.</p> <p><b>i. – iv.</b> In accordance with the provisions of the MAHLE Group Compliance Organization Guideline all incidents of discrimination are assessed and corrective actions are taken from appropriate bodies.</p>

GRI Standard	Disclosure	Page	Omissions/explanations
<b>Freedom of Association and Collective Bargaining</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	25	
	103-3	25	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	25	<b>a.</b> Information unavailable: No breakdown by operations, suppliers and countries is available.
<b>Human Rights Assessment</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	28	
	103-3	28	
GRI 412: Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	n/a	<b>a., b.</b> Information unavailable: No precise data on participation in these trainings is available yet.
<b>Supplier Social Assessment</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	44	
	103-3	46	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	n/a	<b>a.</b> Information unavailable: Further explanation: All new suppliers undertake to comply with the MAHLE Supplier Code of Conduct. We do not currently screen new suppliers against social criteria.
	414-2 Negative social impacts in the supply chain and actions taken	47	
<b>Customer Health and Safety</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	6	
	103-3	6	
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	n/a	<b>a.</b> Information unavailable: Percentage of product and service categories is not explicitly recorded at present. The constituents we use are documented in the International Material Data System (IMDS).
	416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	n/a	<b>a., b.</b> Confidentiality constraints: Numbers of non-compliance incidents are not published for reasons of confidentiality.



GRI Standard	Disclosure	Page	Omissions/explanations
<b>Customer Privacy</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	21	
	103-3	21	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	22	<b>a., b.</b> Confidentiality constraints: Numbers of complaints and identified losses of customer data are not published for reasons of confidentiality.
<b>Socioeconomic Compliance</b>			
GRI 103: Management Approach 2016	103-1	n/a	
	103-2	6	
	103-3	6	
GRI 419: Socioeconomic Compliance 2016	419-1 Noncompliance with laws and regulations in the social and economic area	n/a	<b>a., b.</b> Confidentiality constraints: Numbers and the value of non-compliance incidents are not published for reasons of confidentiality.
<b>Mobility</b>			
GRI 103: Management Approach 2016	103-1	42	
	103-2	43-43	
	103-3	n/a	<b>ii.</b> Information unavailable: The teams leading the mobility projects have started in the year under review to harmonize the management processes for e-mobility, with the new tool chain rollout expected to be completed in the next few years.

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