

An aerial photograph showing a paved road that curves through a dense, lush green forest. The trees are in various shades of green, and the road is a light grey color. The overall scene is a natural, wooded landscape.

Sustainability  
Report

2020

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# Our understanding

Early on, our company founders, Hermann and Dr. Ernst Mahle, associated corporate success with social responsibility. After almost 100 years, MAHLE is now a globally operating company and all the more aware of its social responsibility. We believe that our most important task is to balance sustainable development and technical progress. Our goal is to be a technological driving force for efficient and environmentally friendly 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**

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

Dear readers,

The goal remains the same, but the level of urgency is growing. In the past year, topics such as digitalization and e-mobility as well as climate change and resource scarcity have gained renewed impetus. These developments, which are of global importance, call for creative, sustainable solutions that will protect our planet and ensure it can support future generations.

To achieve these objectives, we must pool together our expertise, resources, and strengths. We are aware of the responsibility that falls to our industry in particular: with our solutions, we are making an important contribution towards further reducing pollutants and greenhouse gases and, wherever possible, eliminating them completely. In doing so, we must balance environmental and economic considerations. An economically viable transition to eco-friendly transport models will only be successful if the solutions that we offer as an industry address people's changing mobility needs. At the same time, we must keep the impact on health and the environment to a minimum while protecting natural resources.

MAHLE is taking an entrepreneurial and technological approach to solving these challenges. Our Group supports the objectives of the Paris Agreement and strives to make further cuts to its CO<sub>2</sub> emissions. The goal is for MAHLE to be carbon-neutral by 2040 in terms of all direct CO<sub>2</sub> emissions and those associated with energy purchases (Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol). In terms of technology, we are focusing on the sustainable triad consisting of the battery electric drive, the fuel cell, and the intelligent internal combustion engine powered by non-fossil fuels. We are thus able to address the different needs of markets and customers. With our products, we are contributing towards the growing acceptance of these technologies by end customers and helping them become widely established. By doing so, we are creating the conditions for climate-friendly, sustainable mobility.

As a foundation-owned company, our ownership structure means we enjoy significant advantages. We can plan and act over the long term, manage the business independently, and thus work with our employees to secure the success of our company far into the future. And that is exactly what we have been doing for more than 100 years.

With this Sustainability Report 2020, we aim to inform you about our goals, strategies, and measures as well as the progress we have made in this area. Our report is based on the International Standards of the Global Reporting Initiative. By using these standards, we are strengthening the transparency of our actions and laying the foundation for integrated, ongoing 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. The Group's product portfolio addresses the most crucial aspects of the powertrain and air conditioning technology. In terms of drive systems, MAHLE is focusing on the triad of e-mobility, hydrogen and intelligent internal combustion engines powered by non-fossil fuels. In 2020, the Group generated sales of approximately EUR 9.8 billion with more than 72,000 employees and is represented in more than 30 countries with approximately 160 production locations. The company 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

Encompassing engine systems and components, filtration, and thermal management, our product portfolio addresses all the relevant technical aspects relating to the powertrain and air conditioning technology as well as their combination. What more, our high level of systems competence and our expertise in electric and electronic components and systems allow us to offer integrated systems solutions for e-mobility. Half of all passenger cars and commercial vehicles in the world now contain MAHLE products. 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.

The MAHLE Group is divided into five business units: Engine Systems and Components, Filtration and Engine Peripherals, Thermal Management, Electronics and Mechatronics, and Aftermarket. Added to this are four profit centers which serve specific market and customer segments, as well as central service businesses.

Our group strategy is based on the analysis of relevant megatrends from which we have developed various future scenarios.

Five trends have a particularly powerful impact on the automotive industry:

- Climate change (including the political climate targets)
- Ongoing urbanization
- The technological shift to e-mobility
- The increasing importance of Asia as an economic region
- Digitalization

These developments demand innovative mobility solutions and present the automotive industry with new challenges. From a technological point of view, MAHLE is focusing on the increasing electrification of the powertrain by battery electric drives and fuel cells.

## MAHLE Group business segments 2020

**MAHLE GROUP**  
As at December 31, 2020

**Sales:** EUR 9,774 million | **Headcount:** 72,184

### BUSINESS UNITS

Engine Systems and Components	Filtration and Engine Peripherals	Thermal Management	Electronics and Mechatronics	Aftermarket
EUR 2,107 million	EUR 1,708 million	EUR 3,421 million	EUR 1,029 million	EUR 898 million
24,458	9,487	20,449	8,659	1,798

### PROFIT CENTERS & SERVICES

Motorsports and Special Applications	Sales Headcount
Large and Small Engine Components	
Industrial Thermal Management	
Control Units	
Central service businesses	
EUR 611 million	7,333

How quickly this structural change takes place depends on which technical solutions succeed in holding their ground in the market and, to an ever-increasing degree, to political demands. Technologies such as hybrid and all-electric drives are growing in importance for passenger cars and light commercial vehicles in urban distribution transport. Alternative drive types such as hybrid, electric, and fuel cell drives are also becoming more important for medium-sized and heavy-duty commercial vehicles and their complementing existing technologies. Overall, we expect the trend—away from combustion engines powered by conventional fuels and toward alternative drives—to progress more quickly in the passenger car segment than for commercial vehicles. With regards to the latter, we anticipate that the combustion engine will remain central to commercial mobility in the global markets in the years to come.

MAHLE has derived its dual strategy on the basis of these assumptions and findings.

1. Strengthening existing business segments: From a technology perspective, we would like to assume a leading role in the ongoing

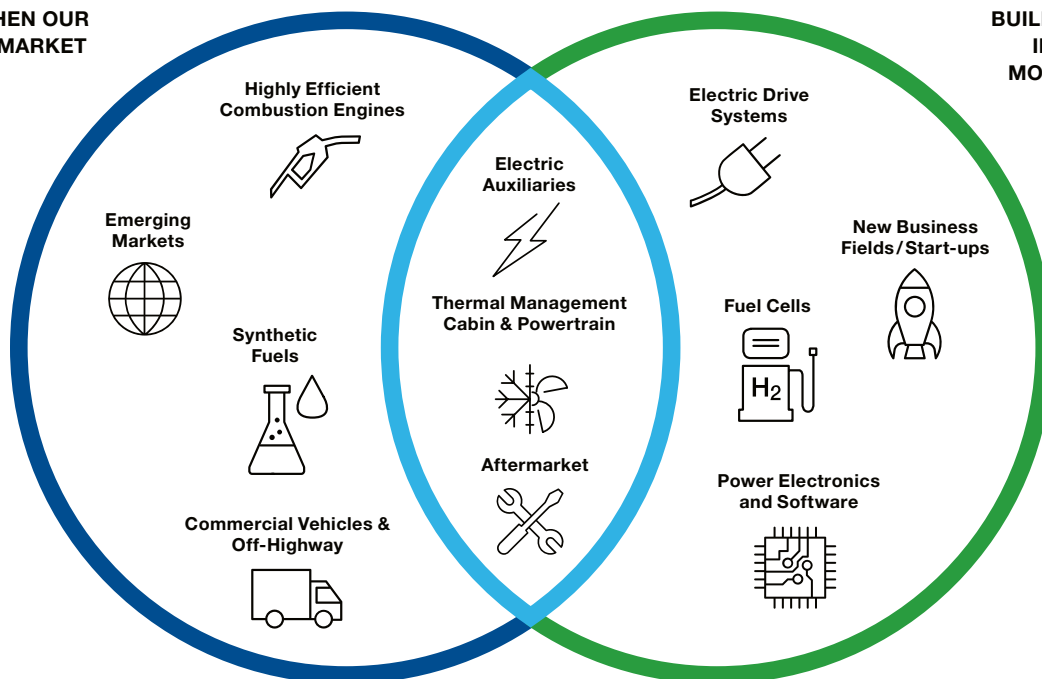
development of the combustion engine—especially in terms of its operation using climate-neutral hydrogen or e-fuels—and ensure the highest possible level of competitiveness with respect to quality and costs. In the process, we will primarily concentrate on capitalizing on further CO<sub>2</sub> savings potential regarding friction, thermal management, and the air pathway. We believe that synthetic fuels and green hydrogen present an even greater opportunity to cut CO<sub>2</sub> emissions, which is why we are consistently aligning our product portfolio to suit their use. By doing so, we are offering our customers solutions that are consistent with both current and future legislation.

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. Currently, MAHLE generates about 60 percent of its sales independently of the passenger car combustion engine. This figure should grow to a good three-quarters by 2030. To this end, we will maintain the same level of investment in our future business areas.

## Dual strategy

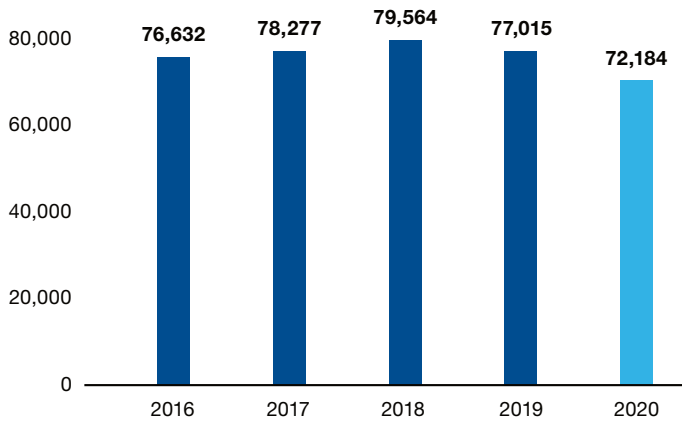
**STRENGTHEN OUR EXISTING MARKET POSITION**

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



MAHLE has derived a dual strategy from the analysis of relevant megatrends.

## Development of employee numbers 2016–2020



## Key figures of the MAHLE Group by region

	Production locations/research and development centers	Employees	Sales (in EUR million)
<b>Europe/Africa</b>	<b>67/6</b>	<b>33,936</b>	<b>4,557</b>
of which Europe	65/5	33,009	4,520
of which Africa	2/0	927	37
<b>America</b>	<b>35/3</b>	<b>22,554</b>	<b>3,016</b>
of which North America	27/2	14,599	2,618
of which South America	8/1	7,955	398
<b>Asia/Pacific</b>	<b>59/4</b>	<b>15,694</b>	<b>2,201</b>
<b>Total</b>	<b>161/13</b>	<b>72,184</b>	<b>9,774</b>

As at end 2020

## Around 160 production locations 12 major research & development centers More than 72,000 employees\*

### Major research & development centers

#### EUROPE

Northampton / Great Britain  
Šempeter pri Gorici / Slovenia  
Stuttgart – Bad Cannstatt / Germany  
Stuttgart – Feuerbach / Germany  
Valencia / Spain

#### NORTH / SOUTH AMERICA

Buffalo / USA (Amherst, Lockport)  
Detroit / USA (Farmington Hills, Troy)  
São Paulo – Jundiaí / Brazil

#### ASIA / PACIFIC

Pune / India  
Shanghai / China  
Numazu / Japan  
Tokyo / Japan (Okegawa, Kawagoe)

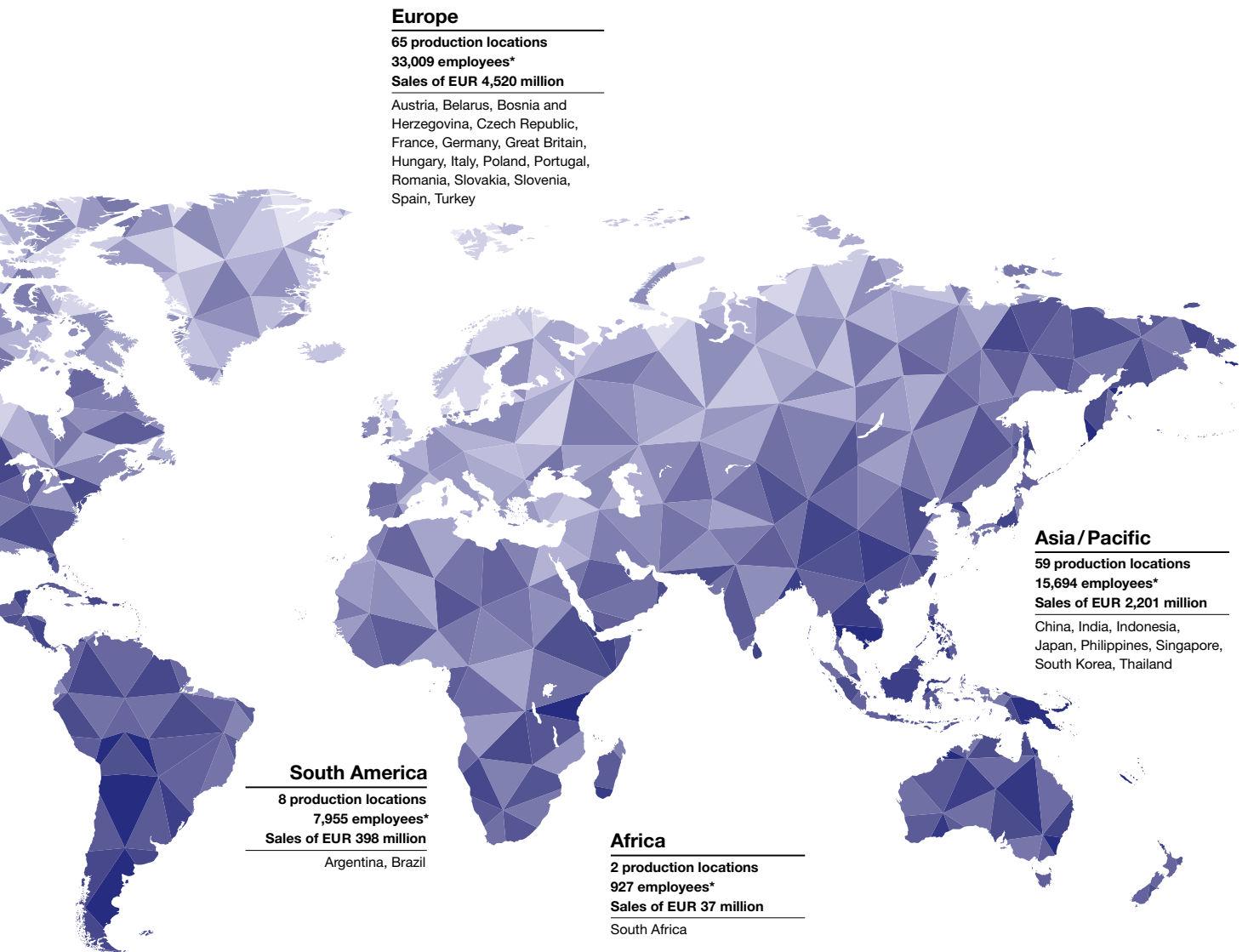
\* As at December 31, 2020



### North America

**27 production locations**  
**14,599 employees\***  
**Sales of EUR 2,618 million**  
Canada, Mexico, USA





At the end of 2020, the MAHLE Group employed 72,184 people worldwide. This equates to a decrease of 4,831 employees or 6.3 percent compared with the previous year. The main reason for the staffing level adjustments was a decline in orders due to the COVID-19 pandemic and the persistent weakness of the automotive industry. The overall aim of Group restructuring is to reposition MAHLE with respect to structure and technology in view of the variety of external challenges faced.

# Sustainability management at MAHLE

*Sustainability is part of our identity. We believe that one of our most important tasks is to harmonize our corporate success with the well-being of people and the environment. To that end, we aim to incorporate environmental and social perspectives into our decision-making.*

## Principles of sustainability management

To us, sustainability means creating a future where environmental protection, safety at work, and good governance work hand in hand with our business development. Sustainability means continuing to be reliable for our customers while innovating our products to have a smaller impact on the environment. 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. Our goal is to have a positive impact on society, while protecting the environment.

We apply international standards related to our industry—for example, when designing our management systems regarding the environment, quality, efficiency, and safety at work. Proper management systems are fundamental to helping us assess sustainability risks and designing adequate mitigation measures.

## 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. 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 Management Board and the Group Risk Manager are represented, is responsible for managing and monitoring the risk man-

agement system. This committee defines the top risks for the company and prioritizes them according to potential financial impact and likelihood of occurrence. 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 Management Board.

### 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. Our Research and Development departments explore trends promptly to ensure that MAHLE can offer competitive and innovative products both now and in the future. We see opportunities in the development and application of new technologies to increase the efficiency of the combustion engine. With the expansion of our portfolio of electric drives and auxiliary components, we are also benefiting from the growing market for hybridized and fully electric motor vehicles. By 2030, MAHLE intends to boost the share of sales generated independently from internal combustion engines for passenger cars from the present figure of 60 percent to 75 percent.

Other sustainability-related risks are examined in more detail in the relevant topic chapters of this report.



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

## External engagement and dialogue

As a global company, we want to contribute our technical expertise to the benefit of societal challenges. We take part in the opinion-forming process on political issues and contribute our knowledge to planned regulatory frameworks.

### Political interest representation

We pursue political interest representation with the aim of identifying political projects and regulatory initiatives that could influence our product strategy or business activities.

MAHLE strives to contribute its technical expertise and specialist knowledge to a healthy democratic decision-making process and to be a reliable contact for policymakers. We establish contact with members of parliament, public authorities, ministries, government representatives, and embassies at regional, national, and European level.

At Group level, the central department External Affairs (CE) coordinates relations with outside parties, above all with political decision makers in Germany and the European Union. In addition to direct exchange with political actors, MAHLE actively participates in the formulation of political positions in relevant associations in Germany, the EU, and other countries.

MAHLE takes transparency very seriously. The company is listed on the European Commission's European Transparency Register with respect to its lobbying activities at European level. As a similar register will enter into force at the German federal level on 1 January 2022, MAHLE will apply for registration in that system as well. In political activities, the MAHLE Business Code defines a clear code of conduct for our dealings with third parties.

The policy framework for shaping sustainable mobility is a key issue for MAHLE in view of our product portfolio. For this reason, we follow regulatory plans relating to climate protection as well as transport and environmental policy. Digitalization and current developments in the aftermarket segment are equally important.

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). We regularly host politicians and public officials at our locations to give them direct insights into our company. If our expertise is requested, we contribute to policy forums and panel discussions, or take part in parliamentary events and consultation formats organized by democratic parties.

Since 2019, MAHLE has been an active member of the German Konzertierte Aktion Mobilität (concerted mobility campaign), a regular high-level exchange between the ten largest members of the German Association of the Automotive Industry (VDA), the German federal government, minister presidents from selected federal states, and employee representatives. Here, strategic issues relating to the automotive industry are discussed.

Worldwide, we are active in over 100 associations, interest groups, 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 follows strict codes on anti-trust policy.

## Ongoing development of our sustainability management system

Acting in a sustainable and responsible way towards the environment is no longer a question for any company with as large an influence as MAHLE. Sustainability issues are of great interest to our stakeholders. Besides the rising number of customer inquiries, external regulatory requirements are also becoming increasingly strict. The German government has started preparing to roll out measures which ensure that human rights, and now even more so environmental protection, are respected within the value chains of German companies.

Our objective is therefore to communicate our sustainability activities with even greater transparency—both internally and externally. That is why beginning with this Sustainability Report 2020 we decided to start publishing on a yearly basis, rather than on a biyearly basis as it has been since 2015. Our sustainability reports comply with the international reporting Standards of the Global Reporting Initiative Core option.

The Corporate Occupational Health, Safety & Environment function (CO) is responsible for the sustainability program management and communication of sustainability topics. CO is also responsible for analyzing, prioritizing, and organizing sustainability concepts and monitoring their implementation. The function assesses external sustainability requirements, defines Health, Safety, and Environment (HSE) processes, monitors HSE compliance, and prompts the development of suitable implementation concepts by the Group’s specialist departments, business areas, and regions. Strategic decisions related to the sustainability goals of MAHLE are made in the Management Board. Our Sustainability Report must be approved by the Chairman of the Management Board.

As part of the ongoing development of our sustainability management system, we are also improving our data on sustainability

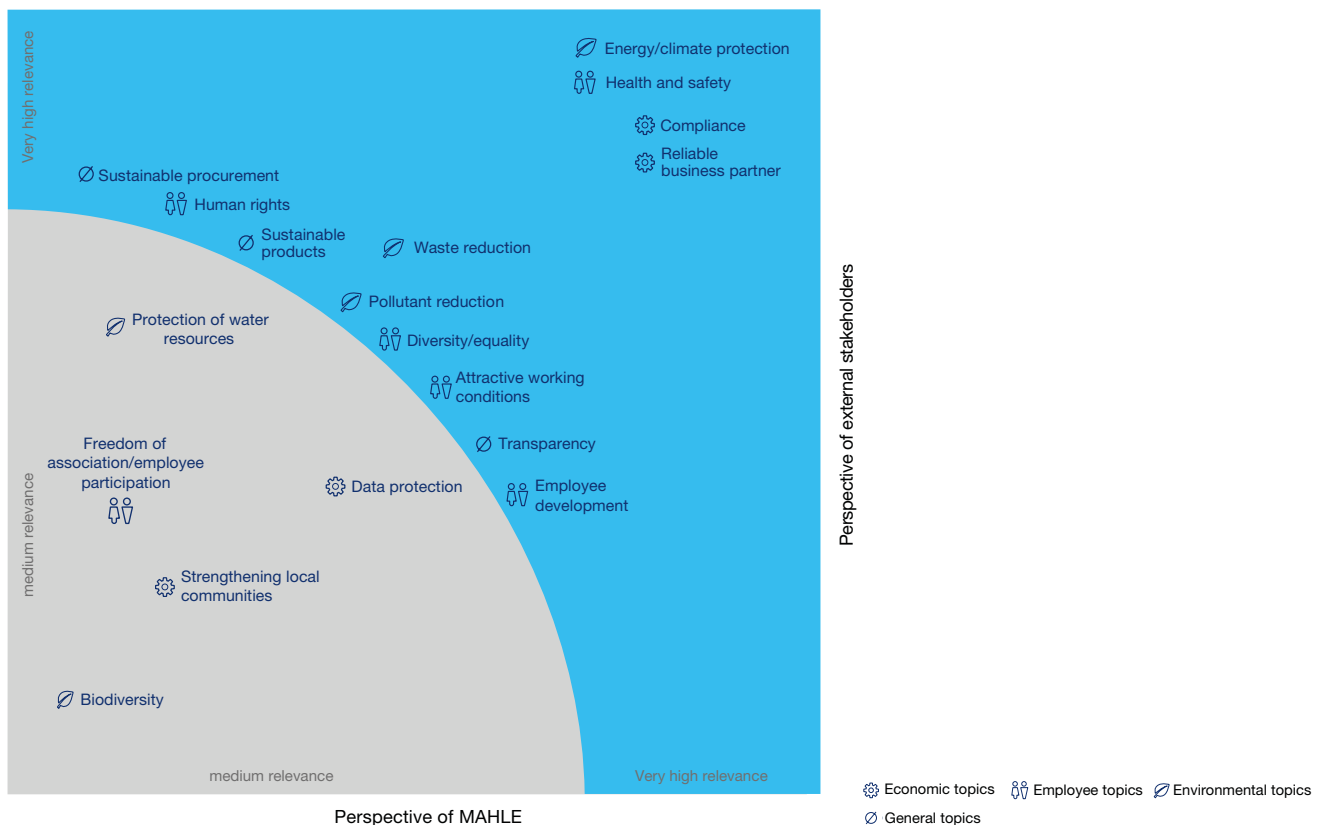
aspects that are important to us, such as becoming CO<sub>2</sub> neutral. In areas such as safety at work and energy consumption, we already record global key figures and performance indicators. Where we do not yet have sufficiently comprehensive or detailed information, we will take specific action to improve data collection.

## Defining the report content

The primary focus of our sustainability management system is on topics that are of material importance to MAHLE itself or to our stakeholders. To identify these topics, we carry out a materiality analysis. This allows us to ascertain the sustainability aspects that are currently of importance to MAHLE—from an internal perspective as well as from the perspective of major customers, relevant competitors and investors.

An up-to-date stakeholder analysis is maintained by the Quality Management department, with experts from departments such as Risk Management, Production, and Human Resources providing their input. These topics are gathered on a business unit level, deeply analyzed, and approved by the CEO before being released.

## Materiality matrix



In 2020 we revised selected subtopics of the last materiality analysis. For example, greater attention has been given to the global pandemic of COVID-19, which kept the focus of the company on protecting the safety and health of its employees and workers (see chapter “Working at MAHLE”). In 2020, our customers

also paid special attention to our delivery capability. We stepped up our efforts to meet this appeal and ensure our reliability as a supplier. Lastly, greater attention has been given to climate protection, resulting in a dedicated focus on target setting for the reduction of CO<sub>2</sub> emissions.

## Reporting topics by chapter and relevance

Topics	Key Aspects covered	Chapter	Relevance*
<b>Occupational health and safety</b>	COVID-19, preventive health care, accident prevention	Working at MAHLE	+
<b>Employee development</b>	Further training, career management, leadership		+
<b>Attractive working conditions</b>	Fair pay, voluntary benefits, healthy work-life balance		+
<b>Diversity and equal opportunity</b>	Diversity of workforce, protection against discrimination and harassment		+
<b>Freedom of association/codetermination</b>	Employee representation, freedom of assembly		o
<b>Human rights</b>	Prevention of child or forced labor and elimination of human rights risks within the supply chain		+
<b>Compliance</b>	Corruption prevention and antitrust law, compliant conduct by employees	Responsible corporate governance	+
<b>Data protection</b>	Protection of personal data relating to business partners and employees		+
<b>Transparency</b>	Reporting approach, dialog with stakeholders	Sustainability management at MAHLE	+
<b>Energy and climate protection</b>	Reduction of energy consumption and greenhouse gas emissions at our locations	Environmental management	+
<b>Waste prevention</b>	Material efficiency, waste management, and recycling		+
<b>Reduction in pollutants</b>	Decreasing emissions into the air, water, and soil from our plants		+
<b>Protection of water resources</b>	Water management, wastewater treatment		o
<b>Sustainable procurement</b>	Compliance with social and environmental standards and human rights in the supply chain, conflict minerals	Sustainability in the supply chain	+
<b>Sustainable products</b>	Environmental considerations throughout the product life cycle, product safety	Sustainable innovations	+
<b>Reliable business partner</b>	Delivery capacity, product quality, business continuity		+
<b>Strengthening local communities</b>	Impact on the area surrounding our locations, local suppliers, cooperation, voluntary engagement	Sustainability in the supply chain; the MAHLE Foundation	o
<b>Biodiversity</b>	Impact of locations and products on biodiversity	Not reported	-

\* Legend: +/o/- topic with very high/high/moderate relevance for MAHLE

# Responsible corporate governance

*Responsible business behavior means complying with laws and internal rules as well as ensuring fair competition. The term “compliance” describes adherence to these requirements. Violations can have serious consequences for companies, such as fines, claims for damages, loss of business partners, or a damaged reputation. Consequently, compliance has always been an important element of our corporate governance.*

## Principles of our compliance management system

At Group level, we ensure that our conduct and actions adhere to laws and internal rules by means of the MAHLE compliance structure. 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 and classroom trainings.

As a general rule, 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”).

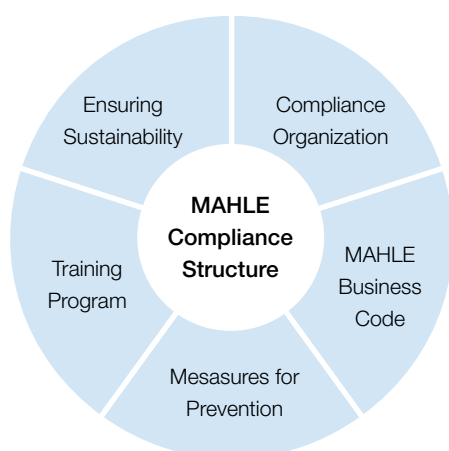
## MAHLE Business Code

In our business activities, we are committed to compliance with ethical standards and laws. This is based on the MAHLE Business Code, which is signed by the MAHLE Management Board and defines the legal and ethical framework for all MAHLE employees, including the members of the MAHLE Management Board and 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 should be taken to ensure compliance with the objectives of the MAHLE Business Code. Subjects covered by the MAHLE Business Code include, among others, regulations on competition and antitrust law, prevention of corruption, product quality and safety, data protection, and data security.

The MAHLE Business Code is revised when necessary, particularly in the event of legislative changes. It was updated in January 2020. We are proactive in communicating the MAHLE Business Code on our intranet and on the Internet, publishing it in 12 languages for employees, business partners, and the public<sup>1</sup>. 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.

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

## The MAHLE compliance structure



### Compliance organization

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

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 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 upon request by the responsible members of the Compliance Steering Committee. 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. The Regional Compliance Offices implement any necessary compliance measures, such as training activities, at a local level and are an important link between



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

employees and the Corporate Compliance Office. The Regional Compliance Offices also preside over the Regional Compliance Committees, which are composed of representatives from compliance-relevant departments such as Sales, Purchasing, Human Resources, Finance, and Legal. 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

Our decentralized compliance approach means that all organizational units, divisions, and departments are responsible for the compliance risks that are relevant to them. For example, the corporate 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 compliance risks of antitrust law and prevention of corruption are managed centrally by the MAHLE compliance organization.

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 by e-mail, telephone, or mail. The regional ombudspersons will verify the report and, depending on the circumstances, either contact the Corporate Compliance Office or refer to the internal reporting channels. Alternatively, the web-based whistleblower system Integrity Platform can be used—anononymously, if desired. The Integrity Platform is available to all employees via a link on the MAHLE intranet or MAHLE Connect and also to external parties via a link 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



Non compliance

## Prevention of corruption and antitrust law

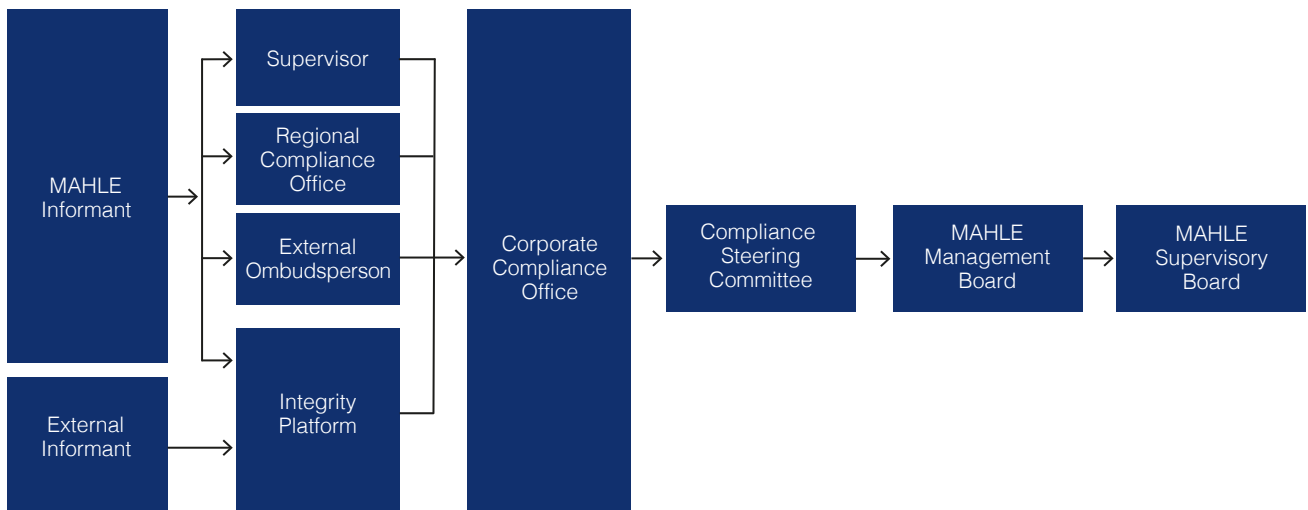
The compliance risk areas of corruption and antitrust law are managed centrally by the Group-wide MAHLE compliance organization as these risk areas are not assigned to particular organizational units.

Prevention of corruption is an important topic at MAHLE. The purpose of our Guide on Prevention of Corruption is to give employees guidance and support with respect to the most important rules relating to corruption prevention. It can be accessed on the compliance page of the MAHLE intranet and in MAHLE Connect. In particular, the guide defines what constitutes an improper influence over business decisions, when gifts and invitations may be accepted or offered, and how to behave appropriately towards public officials. These topics are also covered in detail in our compliance training prevention of corruption.

In addition, the guide covers the correct approach to donations and sponsorship activities. To ensure they cannot be used for unlawful purposes, donations and sponsorship activities must be transparent and traceable. Donations greater than EUR 5,000 must be approved by the MAHLE Management Board. Donations to individuals or to private accounts are generally not permitted.

The aforementioned provisions are governed by our Approval and Signature Guideline (ASG). 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.

### Compliance reporting process





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 had to comply since 2011. In September 2020 it was revised, and its content expanded. The current version is available for our business partners to download from the MAHLE website.<sup>2</sup>

### Antitrust law

It is particularly important to follow the antitrust regulations, which safeguard and ensure free and fair competition worldwide. This is reflected in the MAHLE Business Code, which states that MAHLE employees must comply with the statutory regulations relating to competition and antitrust law. We promote free and fair competition and work proactively to prevent potential violations —it is in our own interests to do so. Our Guide on Antitrust Law provides 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. These topics are also covered in detail in our compliance training antitrust law.

### 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. We thereby raise awareness among our employees and help them to fulfill compliance requirements. 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 sales. In addition, employees have the option of voluntarily following the training programs on the compliance page of the MAHLE intranet. The refresher trainings for the target groups take place every 2-3 years, and in 2020 no refresher trainings took place due to the iteration interval. In 2020, a total of 286 newly hired or promoted MAHLE employees completed the compliance trainings. We also offer classroom training to further increase awareness among our employees.

Details of our internal guidelines relating to compliance are also published on the MAHLE intranet and in MAHLE connect. We refer new staff to these guidelines in our orientation documents. This ensures that the entire workforce is familiar with the guides and knows where to consult them if needed.

### Number of employees trained in prevention of corruption and antitrust law in 2020

Region	Total	Management Board (MB) and executive levels 1 to 3	Other levels	Coverage of MB, executives, and relevant employees
Europe/South Africa	165	18	147	100%
North America	15	3	12	100%
South America	29	15	14	100%
Asia/Pacific	77	10	67	100%
<b>Total</b>	<b>286</b>	<b>46</b>	<b>240</b>	<b>100%</b>

<sup>2</sup> [www.mahle.com/en/about-mahle/compliance/](http://www.mahle.com/en/about-mahle/compliance/)

## Data protection

In the course of advancing digitalization, the protection of personal or internal company data relating to individuals is becoming increasingly important. As a leading supplier to the automotive industry, we process personal data from internal and external employees, customers, and business partners from all over the world. Personal data is handled securely and only processed by employees according to the "need-to-know principle".

MAHLE commits itself to strict compliance with legal requirements for the protection of the right to informational self-determination. As a globally active company with headquarters in Germany, the European General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG) apply to us. In addition, we implement necessary measures for compliance with non-European, international data protection laws and regulations.

### MAHLE data protection organization

The Corporate Data Privacy department consists of the department management and a team of experienced data protection specialists. An external Corporate Data Protection Officer reports directly to the MAHLE Group Management, specifically to the CFO. This ensures separation between the independently acting Data Protection Audit bureau and Data Protection Management. Our data protection organization currently comprises 12 National Data Protection coordinators (NDPC) and 118 Data Protection Coordinators (DPC) in the EU, who act as the first point of contact on site. These specially trained coordinators are the link between the employees and the Corporate Data Privacy department and are tasked with implementing the centrally defined requirements.

The existing MAHLE guideline on data protection was replaced by a uniform group-wide Data Protection Management System (DPMS) by the MAHLE Group Management in December 2020. The DPMS in the MAHLE Group will be rolled out globally in 2022 on a risk-based approach. The data protection training concept was supplemented in 2020 by a worldwide web-based training for our employees, as well as special modules for managers.

Any violations of the applicable data privacy guidelines must be reported to the Corporate Data Privacy department, which carefully investigates the situation. Corporate Data Privacy is advised on this by the Corporate Data Protection Officer. If the suspicion of a violation of data privacy or a data privacy breach is substantiated, the Corporate Data Protection Officer immediately forwards the incident to the management.



# Working at MAHLE

*A company's most important asset is its employees, a view held by our company founders, Hermann and Dr. Ernst Mahle. It is only by being an attractive employer that people will be enthusiastic about working for our company. We also place a high value on our employees' continuous development. It is essential for our company's future success that our staff are satisfied in their jobs and feel 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.*

## Managing the COVID-19 pandemic

To protect the employees and the company, coronavirus crisis management took the highest priority in 2020. A cross-functional crisis project organization composed of central, regional, and local crisis teams was quickly set up. We immediately implemented extensive behavioral, hygiene, and protective measures and provided protective equipment to employees. The goal of the global task force team was to set up preventive measures and to record and track any COVID-19 cases in order to prevent outbreaks among the workforce. MAHLE facilities provided relevant information to this interdisciplinary team, where cases were registered and tracked from the first day of reporting until recovery.

From the start of the pandemic, it was a priority to provide up-to-date information on governmental regulations and internal processes on the MAHLE intranet. This service was expanded upon by setting up additional communication channels, such as an employee app.

### Extended Precaution Measures (EPCM)

To protect our employees and in response to the production interruptions experienced by numerous customers, a temporary ramp down at many MAHLE production locations was coordinated at the start of the pandemic. As part of the re-start, we set up protection measures in line with general medical recommendations and country-specific regulations to maintain the usual operations as much as possible.

Employees demonstrated their adaptability and problem-solving skills through their contribution to safety measures within the production and logistic departments. For example, the training department quickly stepped up to manufacture acrylic glass screens and barriers for the implementation of hygiene measures.



The MAHLE Itajubá/Brazil location donated masks and disinfectant to hospitals and local institutions.

## Global measures to tackle the COVID-19 pandemic

To help tackle the COVID-19 pandemic, MAHLE locations around the world joined the fight against the virus. Following the outbreak, special projects for producing face masks were launched quickly in Brazil, the USA, and Austria. One of these projects enabled us to supply around 10,000 masks to the Filderklinik (Filder Clinic) in Stuttgart/Germany by working with lingerie manufacturer Triumph. In addition, the locations in Limeira, Mogi Guaçu, and Itajubá/Brazil manufactured around 70,000 masks and delivered them, along with disinfectant and other resources, to hospitals and local, socially based institutions. As part of the region's CSR work, 10 locations covering four cities received supplies.

During the worst of the COVID-19 outbreak in Mexico there were hospitals in several states that did not have adequate supplies of oxygen for regular patients or for those with COVID. Our MAHLE employees at the Lerma, Aguascalientes, Naucalpan, El Marques, Ramos, Juárez and Santa Catarina/Mexico locations were impacted by this oxygen shortage. Therefore, local teams worked with suppliers to purchase oxygen concentrators to support more than a dozen at risk or recovering employees.

## Using outcomes of the crisis for continued transformation

Various virtual initiatives were established for employees around the world to help them take care of their health while maintaining physical distance. These activities included online sports as well as webinars on mental health.

For the safety of its employees, MAHLE also encouraged working from home and flexible ways of working, wherever possible. To improve and professionalize virtual cooperation and leadership, we created additional training activities for various target groups and opened a toolbox. 2020 showed us how well virtual cooperation is already working at MAHLE. We see this advancement as an opportunity to establish new forms of collaboration and embed them in our processes for the long term.



## Occupational health and safety

According to the guiding principle formulated by our company founders, our core responsibility is the well-being of our employees. The key to this lies in providing workplaces that do not pose a risk to their health. 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

We act within the framework of our HSE guideline, which specifies consistent occupational health and safety for 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 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>1</sup>. Regular training sessions and briefings are designed to prevent accidents and minimize risks.

The HSE corporate function coordinates and monitors health and safety at work activities worldwide. On-site 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.

In 2020, 82 of our locations were certified in accordance with ISO 45001. We are continuing to work on our central action plan for the certification of all MAHLE locations in accordance with ISO 45001 by 2023.



### ISO 45001 certified locations 2020

	Europe	North America	South America	Asia Pacific	Total
ISO 45001 certified locations	40	4	6	32	82

<sup>1</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. Our long-term target was fewer than five accidents per million working hours. We are already far beyond that, with the worldwide accident rate falling from 4.8 in 2019 to 3.8 in 2020—a reduction of about 22 percent. This decline of accidents in comparison with the previous year is influenced by the global pandemic and the reduction in working hours.

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. In 2020, the prize went to our plant in Montblanc/Spain for their development of a comprehensive safety management system. Through daily follow up sessions of near miss incidents and monthly meetings with the security committee, the plants communicate the importance of safety to their em-

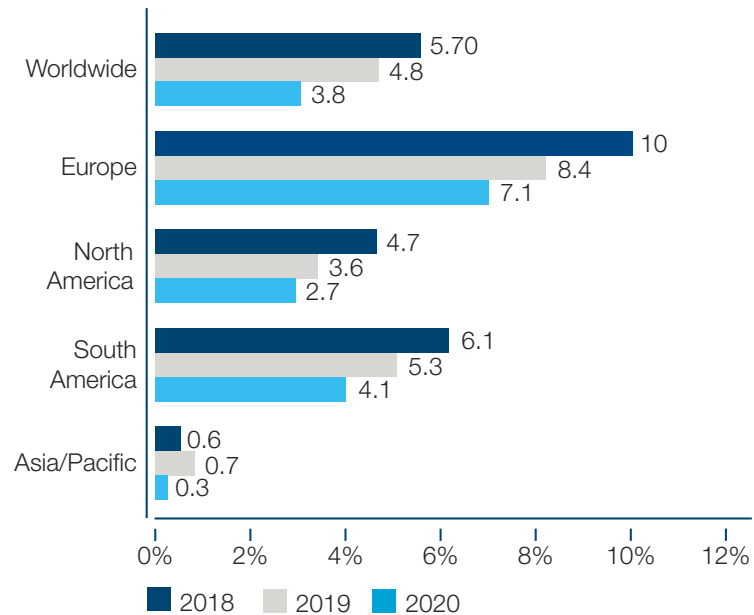


ployees. When setting up new workplaces, the design phase is now preceded by an ergonomic risk assessment. The commitment of the plants' managers to creating a safe working environment has resulted in a 75 percent decrease of the accident rate over the past four years.

In 2020 MAHLE North America partnered with Humantech/Velocity EHS to launch a new expert system and process within eight locations to reduce ergonomic

risks and prevent injuries. Expert training about advanced ergonomics and utilization of the latest diagnostic and control tools were provided to 30 MAHLE plant team members. The tools included the use of Artificial Intelligence to analyze videos of the workers and determine unacceptable ergonomic risks. The plant teams conducted over 250 ergonomic job assessments and have so far completed 22 projects to improve ergonomics at workplaces.

**Development of accident rates, globally and per region**





Using Artificial Intelligence to improve ergonomics and prevent injuries

### 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.

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 or, where possible, eliminate potential risks.

We also conduct regular safety observation tours (SOTs) at our locations. SOTs continued happening throughout the COVID-19 pandemic, where possible. A Group-wide work instruction encourages participation by managers through to the plant managers at the production locations. Employee representatives and production staff are also involved in the observation tours and training measures.

We monitor compliance with applicable safety at work regulations through HSE audits. The international status of these audits is described in the “Environmental management” chapter, as is the process to be followed if violations are identified.

### 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.

We define clear process flows for the reporting chain. Hazardous situations that have caused or could cause serious injury to our employees 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 Management Board, and Corporate Communications. In the event that 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 the HSE Corporate function has approved the corrective measures, results and lessons learnt are communicated to all plants. This is intended to be a continuous learning process that reaches beyond the limits of individual locations, with the aim of preventing similar incidents from happening elsewhere.



In 2020, our accident rate fell by around 22 percent worldwide compared to 2019.

## 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.

In particular, the requirements arising from the COVID-19 pandemic shaped the activities of MAHLE Health Management in 2020. These include the in-house production of protective masks, enhanced protective measures (distancing, air circulation measures, working from home), hygiene concepts for company events and a Corona vaccination offer for our employees and their families around the world (see section "Managing the COVID-19 pandemic").

We attach great significance to awareness, prevention, and encouraging people to take responsibility for their own actions. Due to the COVID-19 pandemic, our typical health days events, which normally serve to familiarize employees with health-promoting dietary and lifestyle concepts, was held online in 2020. Additionally, company medical services ensure medical assistance and advice are available on site. The activities and benefits we offer range from free vaccinations and other medical services to health classes, company sports teams, fitness programs, and also includes advice on social issues and company health insurance.

At numerous locations, our risk assessment additionally includes investigating whether workplaces pose potential health risks in a process agreed with the employee representatives. The assessment covers psychological hazards such as addiction and mental illness. We want to raise awareness of these issues and train our managers in the right way to act towards those affected. In Germany, this task is taken up by our in-house addiction counselors. Lastly, staff returning to work after a period of illness are supported by reintegration programs.

## MAHLE as an attractive employer

Our employees are our most important resource and safeguard the future viability of our company. Thanks to their wide range of skills, expertise, and commitment, they make a valuable contribution to our corporate success every day. It is important to us that our employees are motivated, experience a respectful working environment that is free of prejudice, and are able to perform their tasks effectively and efficiently. To provide them with the best possible support, we have optimized our HR portfolio according to our HR strategy, with a strong focus on the value added for employees and for the business.

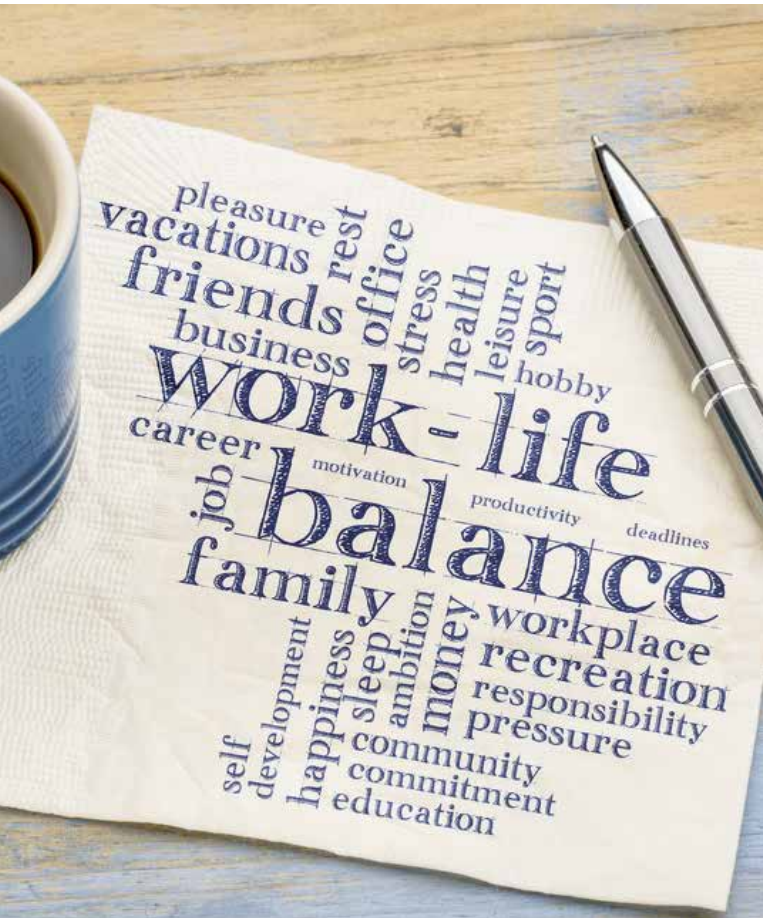
### HR Roadmap as a model for strategic realignment

Human Resources (HR) has the goal to optimally support and strengthen the company functions around the world. In 2020 an HR strategy was developed in the form of an HR Roadmap. The Roadmap comprises HR concepts and processes tailored to our business requirements. Within the HR Roadmap, we have defined five strategic action areas. These extend from new ways of working and qualification to an intensified focus on managing our performance.



"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 continues to establish itself as an excellent employer**

With the worldwide #StrongerTogether HR marketing campaign, we show what makes MAHLE an exceptional and attractive employer. In 2020, this campaign, inspired by the Group strategy, was rolled out globally. We were delighted to receive numerous awards as an employer and with respect to employer branding, thanks to our positive public image. For the first time, MAHLE was awarded the LEADING EMPLOYER 2020 label, putting us in the top one percent of the 70,000 companies considered in Germany. In recognition of our online talent communication activities, we made the leap into the top ten in the Applying Online category of the German overall ranking by the independent market research company Potentialpark. In China, we were presented with the Employer Excellence of China award by 51JOB. The Trendence Institut ranked our recruitment process third place in the Best Application Process category. Finally, in Austria we were awarded the Career's Best Recruiters silver seal for the second consecutive year.

For us, New Work as an umbrella term for innovative ways of structuring work in a global and digital landscape means continuously aligning working methods and working environments with changing requirements. We strive to create optimal conditions



Five strategic action areas of the HR Roadmap

**Purpose & agility**  
Culture & new ways of working

**Talent to value & business**  
Business-driven talent management

**Performance recognition**  
Performance & compensation management

**Disruption architecture**  
Organizational change & design

**Acceleration of efficiency**  
HR operations excellence



#### New ways of working and virtual collaboration

for our international teams to collaborate and focus on achieving results. In a process accelerated by the COVID-19 pandemic, we are directing particular attention toward virtual working approaches.

A global training program was created for employees and managers in 2020, and a toolbox was made available comprising extensive information and training materials. Keynote presentations on the subject of virtual cooperation and leadership from the Learning Meetup @MAHLE event series highlighted specific best practice examples and stimulated discussions among colleagues.

As part of our diversity management work, we make additional services available to our workforce through our MAHLEforME initiative with the aim of improving work-life balance. Besides offers relating to childcare, nursing care, and household services, our employees have also shown great interest in our series of talks on the subjects of mental health, virtual cooperation, and home-schooling.

#### Fair pay and voluntary benefits

With regard to working conditions, we meet the applicable statutory regulations at each of our locations as well as any rules connected with labor agreements. We strive to ensure that our employees are remunerated fairly and in line with market conditions.

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—including trainees—can benefit from an attractive, company-funded pension scheme.

## Representation of employees' interests

We are keen to maintain close communication with our employees and their representatives. Therefore, we regularly inform them about new developments. We respect the right of our workforce to form employee representation bodies in accordance with statutory requirements. In most countries and locations, there are local employee representation bodies with whom we cooperate closely. 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.

## Diversity, equal opportunity, and nondiscrimination

As an international Group, we employ from all over the world. Diversity and equal opportunity are part of our identity and are firmly established in our corporate values. At MAHLE, we value the diversity of our people and foster a respectful and inclusive work environment. For us, each employee's unique perspectives, experiences, and ideas are essential for innovation and performance. Therefore, we strive for an atmosphere that empowers every employee to develop full potential, encourages new ideas, and engages and attracts talent.

We thereby consider and 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 2020. To highlight the importance of diversity and inclusion, various virtual initiatives were launched around the world in 2020 with the motto: "Diversity and inclusion are now more important than ever."



One of various virtual initiatives during 2020: Selfie campaign on digital Diversity Day 2020



L-Star Level 3 certification at MAHLE Japan

### Supporting One MAHLE—with diversity & inclusion

MAHLE won several awards for its activities relating to diversity and inclusion in 2020. For example, MAHLE in Japan was awarded L-Star Level 3 certification by the Japanese government for measures to support gender equality, particularly in recruitment, workplace design, and development and career opportunities. We were also recognized at Ford's annual World Excellence Awards with a Supplier Diversity & Inclusion Development and Sustainability World Excellence Award. In recognition of their employee-focused working environment, MAHLE locations in Stuttgart/Germany have held the highly respected Berufund-familie quality label, awarded by the nonprofit Hertie Foundation and can officially call themselves family-friendly employers. Our locations in Šempeter pri Gorici, Ljubljana, and Maribor in Slovenia maintained their Family-Friendly Enterprise certificate (Družini prijazno podjetje).

### Promotion of female executives

Independently of the legal requirements, we would like to further increase the proportion of women in managerial positions at MAHLE. We are achieving this through targeted succession planning, the advancement of female junior executives, and the expansion of our measures to support a healthy work-life-bal-

ance. In 2020, various activities within the women's network, such as the Women@MAHLE Network Lunch in Germany, or the Ladies Meeting in Japan, were organized to promote exchange among women at MAHLE and to generate new ideas. We also used International Women's Day as an opportunity for action on the issue of equal rights for women in society and in working life. We have expanded our existing HR marketing campaign with a women's campaign called, "I create my space at MAHLE" and launched it on this day. In the campaign, female employees of the STEM (Science, technology, engineering, and math) area at MAHLE show how they use their strengths and create their space at MAHLE.

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%."

With regard to the proportion of women in the Management Board of MAHLE GmbH, the Supervisory Board resolved the following in 2017: "For the period from 1 July 2017 to 30 June 2022, a target figure will be set for the proportion of women in the Management Board in line with the current proportion of women. In the medium term, the Supervisory Board aims for a higher quota." On 1 January 2020, the first female member joined the Management Board of MAHLE GmbH for the HR function. With regard to the first two management levels below the Management Board, the Management Board

of MAHLE GmbH set targets in 2017 for the German MAHLE companies of five percent for the first management level and ten percent for the second management level by 30 June 2022.



Female Campaign "I create my space at MAHLE"

### 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. Across the Group, evaluation and remuneration at managerial level are 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.

## Employee development

As an employer, MAHLE is committed to offer its employees great opportunities to pursue their professional development as part of a diverse team and in an inclusive environment. This is reflected in our recruiting and development activities, aiming for a future-proof work force.

### MAHLE consistently expands its global learning offer

In 2020, we continued to expand our entire training portfolio. Besides our e-learning catalogue, to which we have added more than 100 e-learning courses, the global range of webinars is steadily growing. Virtual Learning Meetups and toolboxes as well as digital learning platforms, such as LinkedIn Learning and Coursera, ensure that we meet our employees' individual learning needs. In addition, our reskilling program includes 220 courses focused on the subjects of e-mobility, electrical engineering, and electronics. This program aims to make our employees fit for the future requirements of our industry.

### Employee training in Germany

	2019	2020 <sup>1</sup>
Employees trained	7,183	<b>1,872</b>
Staffing level as of December 31	11,649	<b>10,863</b>
Proportion of participating employees (%)	62%	<b>17%</b>
Total training hours	107,353	<b>30,998</b>
Average participation (hours)	9	<b>3</b>



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

### Four principles for future-oriented leadership

Leadership and cooperation must continuously adapt to new and ever-changing circumstances. That is why in 2020 we further developed our value-oriented leadership culture as a driver of performance and success. The four MAHLE Leadership Principles provide orientation and form the foundation for both strong cooperation and clearly focused leadership. In 2020, we focused on the global implementation of the principles and on empowering managers to apply situational leadership in their everyday work.

<sup>1</sup> Due to Covid-19 and short-time work conditions in 2020, the figures/numbers are lower than in the previous year.

# Environmental management

*Like many companies in the automotive industry, production at MAHLE is energy and material intensive. Our manufacturing activities generate various types of waste and release emissions into the air and water. Conserving water resources, reducing emissions and energy consumption, and minimizing the impact of our business activities on the environment are primary concerns for us. Environmental topics are becoming ever more important to our stakeholders, as illustrated by the numerous, detailed inquiries and requirements we receive. Combining their requirements with our own environmental goals is part of our strategy towards reducing our environmental footprint and increasing efficiency.*

## Principles of environmental management at MAHLE

A Group-wide Health, Safety, and Environment (HSE) guideline guides us on how to handle complex environmental topics. It requires environmental criteria to be taken into consideration during the development of new products and processes, and calls for existing processes to reduce their environmental impact. Our goals include, but are not limited to, continuously improving our resource efficiency, saving energy and avoiding waste in production.

Environmental management is overseen by the HSE corporate function with support from the regional departments. Each production location has an HSE team or at least one HSE representative to ensure compliance to the regulations and the management system. The responsibilities of the local HSE representatives include recording key environmental figures monthly and providing support towards the implementation of the HSE targets. Based on the reporting, key performance indicators

(KPIs) are aggregated across the Group and discussed annually within the Management Board.

Our environmental management system is based on strict international standards. In 2020, 85% of our locations were certified to ISO 14001 and/or EMAS, which correlates to 139 locations.

We also use HSE audits to monitor our compliance with these statutory environmental requirements. Our regional HSE representatives coordinate internal audits as part of audit programs and report regularly to ensure continuous improvement at the sites. For incidents and cases of non-conformity, we follow the Plan, Do, Act, Check cycle. Employees participate in finding the root cause of incidents 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. In some cases, we also commission external experts to review our workplaces in addition to the environmental management systems.



In 2020, over 85 percent of our approximately 160 locations were certified in accordance with the environmental management systems ISO 14001 and/or EMAS.

## Energy 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.

A detailed analysis of energy consumption and CO<sub>2</sub> emissions on a corporate level started in 2020. We gathered and analyzed energy efficiency projects, surveyed possibilities for potential photovoltaic systems, and researched options for neutralizing our CO<sub>2</sub> emissions. Based on the analysis, the management board agreed to a path towards CO<sub>2</sub> neutrality. The goal is to be carbon-neutral by 2040 in terms of all direct CO<sub>2</sub> emissions and those associated with energy purchases (Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol). 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> emis-

sions. In the long term, we will also use compensation measures to offset any remaining CO<sub>2</sub> emissions.

As far as our locations in Germany are concerned, their operations will be carbon neutral starting in 2021 for Scope 1 and Scope 2 emissions, in accordance with the Greenhouse Gas Protocol.

### Energy monitoring at MAHLE

At our locations, we mainly use electricity, natural gas and heating oil as sources of energy. In 2020 we increased our usage of renewable energy by 21 percent compared to 2019 (see table: “Energy consumption 2019/20 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.

At the end of 2020, thirteen 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.

### Energy-saving examples worldwide

The BRAIN BEE acquisition in Parma, Italy started in 2017 and enabled the newly constituted Service Solutions Division, part of the MAHLE Aftermarket Business Unit, to become a recognized industry leader in the design, development and manufacturing of automotive workshops service equipment and related services. Our goal related to this site is to have the first CO<sub>2</sub> neutral facility within our MAHLE group.



Thanks to its state-of-the-art building materials, the new MAHLE Service Solutions headquarters are A+++ energy certified and will be CO<sub>2</sub> neutral.

From the choice of materials and positioning of the buildings to the windows and highly efficient insulation, everything has been coordinated to ensure minimal environmental impact. The building has an energy certification of A+++.

The photovoltaic system of more than 100kW provides between 30-70 percent of the location's required energy, in summer and winter respectively.

LED lights with motion sensors have been installed in many parts of the building, including the production and logistic areas. A high efficiency reversible heat exchange pump for cooling and heating the building was also installed, and the use of radiant panels ensures further reductions in energy consumption. The new headquarters are completed with 1,800 m<sup>2</sup> of outdoor green space, a roof terrace, and 38 trees interspersed around the location. The certification of GHG neutrality is underway and is planned to be completed by the end of 2022, with a final public certification release in early 2023.

All our Austrian production plants—St. Michael ob Bleiburg, Vöcklabruck, and Mattighofen— source 100 percent of their electricity from renewables. They develop projects that focus on buildings and infrastructure, such as optimizing hall lighting.

In 2020 our plant in St. Michael ob Bleiburg/Austria completed a flagship project in energy efficiency. By combining the hydraulic systems of the cooling water supply and back cooling with well water, they reduced their electricity use, noise emissions, and auxiliary materials. They now save 67 tons of CO<sub>2</sub> and 4 GWh of electricity every year.

Our plant in Santa Catarina/Mexico completed two projects to improve the natural lighting within the plant and reduced its energy use by approximately 417,100 kWh in 2020. For comparison, one four-person family in Germany requires around 5,000 kWh of energy in one year. The savings reached in this plant equates

to an energy reduction of more than 80 households. With these measures the CO<sub>2</sub> emissions in this plant are reduced by a total of 200 tons per year. The roof work included replacing skylight slats to improve the illumination design and the second project involved the exchange of metal halide lamps for LED lamps.

# 2%

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

## Greenhouse gas emissions 2019/20<sup>2</sup>

	Unit	2019	2020	Change
Scope 1	t CO <sub>2</sub> e	217,081	178,283	-18%
Scope 2	t CO <sub>2</sub> e	1,233,054	1,017,152	-18%
<b>Total emissions</b>	<b>t CO<sub>2</sub>e</b>	<b>1,450,135</b>	<b>1,195,435</b>	<b>-18%</b>
Relative emissions as measured against sales	t CO <sub>2</sub> e/EUR million sales	120	122	2%

<sup>2</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.





The new MAHLE Service Solutions headquarters is equipped with a roof terrace and 1,800 m<sup>2</sup> of green space. The whole building will be CO<sub>2</sub> neutral.



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

### Energy consumption 2019/20 by source

Energy source	Unit	2019	2020	Change
Total electricity	MWh	2,157,920	<b>1,854,549</b>	-14%
(of which nonrenewable)	MWh	2,114,736	<b>1,802,533</b>	-15%
(of which renewable)	MWh	43,183	<b>52,016</b>	21%
Heating oil	MWh	27,529	<b>23,259</b>	-16%
Natural gas	MWh	900,380	<b>755,919</b>	-16%
Diesel	MWh	21,201	<b>12,997</b>	-39%
Gasoline	MWh	4,757	<b>3,051</b>	-36%
Propane	MWh	19,508	<b>11,087</b>	-43%
Ammonia	MWh	281	<b>174</b>	-38%
District heat/steam	MWh	17,142	<b>16,230</b>	-5%
Liquefied petroleum gas (LPG)	MWh	31,411	<b>31,673</b>	1%
<b>Total</b>	<b>MWh</b>	<b>3,180,128</b>	<b>2,708,939</b>	<b>-15%</b>
Relative energy consumption as measured against sales	MWh/EUR million sales	264	<b>277</b>	5%

### 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 to the CDP (Carbon Disclosure Project). The organization gave our climate related reporting in 2019 and 2020 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.

We are working on the continued reduction of our Scope 1 and 2 CO<sub>2</sub> emissions. Examples of action taken include the optimization of processes and reduction of compressed air leakages, the recovery of waste heat from processes, innovative cooling systems, and the use of LED bulbs. When renovating, maintaining or construction of our buildings, we aim to make steady improvements to their energy efficiency.

<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, and company vehicles, for example.

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

## Waste management, chemicals, and hazardous substances

As part of our environmental responsibility as a company, our goal is to create less waste each year. 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, but it is not possible to eliminate production waste entirely. That is why the second step in the pyramid, internal or external reuse, also takes high priority. We aim to recycle any waste that cannot be reused, while disposal without a recovery of materials should only take place in exceptional cases. Waste targets are currently defined at a regional level, and in order to better track our progress we are further developing our Group-wide reporting system.

### Measures for waste prevention and recycling

In 2020, a number of measures were introduced to reduce waste at MAHLE. Our plant in Itajubá/Brazil reduced its consumption of transport tubes by replacing cardboard tubes with a plastic tube that can be reused up to 20 times and then recycled. They were able to reduce their consumption of tubes by around 75%.

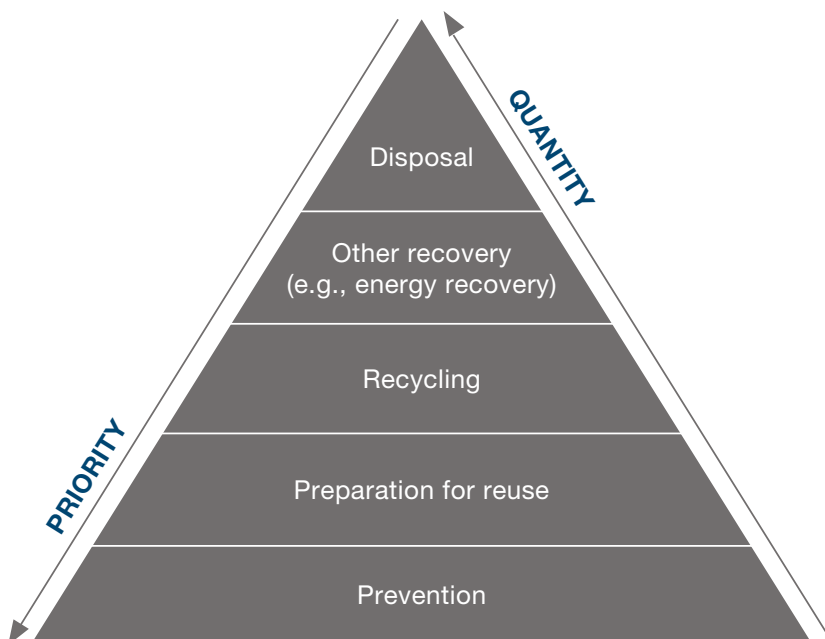
Another project developed at our plant in Mogi Guaçu/Brazil was the optimization of the plastic resin recovery process, which led to an expansion of the range of components that can use up to 10% recovered material. A reduction of 6.3 g of polyamide scrap and 1.3 g of polypropylene scrap per part was achieved, which led to about 32,000 kg of scrap now being recycled rather than discarded.

### Keeping a close eye on hazardous substances

The use of hazardous materials in production and operations is subject to strict legal requirements. Compliance is monitored closely by the HSE officers at each location.

Our ongoing chemicals management system project documents the use of hazardous materials and supplies in a central database. This then allows us to record the chemicals in use in each region, monitor the status of local substitution activities (replacing hazardous substances with harmless materials), and exchange best practices between locations.

At product level, constituents, including problematic substances, are recorded in the International Material Data System. Then the substances and products are analyzed for their potential impact on the environment (see chapter "Sustainable supply chain").



Principles of waste management at MAHLE

## Water and wastewater

We primarily require water as an auxiliary material or consumable—for example, for production processes such as cooling and metalworking.

To improve how we manage 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 2020, our reporting on water management was awarded a grade B-, on a scale from A to D. We define water conservation objectives for individual locations or on a regional scale and in the next few years, we aim to extend these objectives to cover additional locations.

In 2020, we largely utilized groundwater, third party water and water from the public supply network (see table: “2020 Water footprint by source”). Additionally, we use water in a circular way to not waste it—for example, as rinsing and cooling water. In 2020 the amount of reused water sourced increased compared to 2019.



### 2020 water footprint by source

Water source	Unit	2019	2020	Change
Third-party or public water	ML	3,654	<b>3,612</b>	-1%
Groundwater/well water	ML	4,339	<b>3,957</b>	-9%
Surface water	ML	91	<b>85</b>	-7%
Groundwater withdrawn (processed)	ML	169	<b>159</b>	-5%
<b>Total water withdrawal</b>	<b>ML</b>	<b>8,253</b>	<b>7,813</b>	<b>-5%</b>

## Measures for saving water

At our plant in Aguascalientes/Mexico, oil separators were installed to support wastewater treatment in 2020. Thanks to this application, 530,000 liters less of wastewater was produced. The location reduced its total quantity of water classified as hazardous waste by around 40 percent. The recovered water can be used again in other production areas or for irrigating green spaces.

## Terra environmental program

The TERRA environmental sustainability program is a cross-functional, interdisciplinary initiative. Its objective is to improve the environmental balance sheet of our locations in South America. Measured against the number of products manufactured, our target is to reduce energy and water consumption as well as waste and wastewater by 2 percent each year, taking 2016 as a baseline. A wide range of measures have been implemented since the program began. An integrated and systematic approach, involving several specialist functions—including HSE, Purchasing, Controlling, and Production—has proven to be particularly successful.

At our plant in Itajubá/Brazil one project reduced waste in the production process of thrust washers and bushings. By utilizing a more efficient stamping and cutting process during production and optimizing the useful area of bimetallic strips, they were able to reduce their raw material consumption of steel and other materials by 70 tons per year.

## 2020 reuse of water

Water source	Unit	2019	2020	Change
Reused water	ML	21	35	65%

# Sustainable innovations



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

## Contribution to environmental and climate protection

To achieve the targets set out in the Paris Agreement, greenhouse gas emissions from transport must be dramatically reduced. Existing regulations for CO<sub>2</sub> limits of passenger cars in the European Union regulates new motor vehicles to not emit more than 95 grams of carbon dioxide per kilometer on average starting in 2020. Further targets have recently entered into force, prescribing emissions from the passenger car fleet to be cut by 37.5 percent by 2030 (compared with 2021) and by 31 percent for light commercial vehicles. For both vehicle classes an interim reduction target of 15 percent is defined for 2025. These objectives come on top of stricter regulations governing pollutant emissions and new testing methods that are more in line with real-world conditions.

Today, MAHLE generates more than 60 percent of its sales independently of the passenger car combustion engine. Thanks to our expertise in the development and manufacture of electric motors as well as electronic and mechatronic systems, we are driving progress in the field of e-mobility.

### **New condenser from MAHLE paves the way for faster charging of electric vehicles**

MAHLE introduced a new type of condenser for hybrid and electric vehicles that helps accelerate traction battery charging in September 2020. This new design offers a significantly higher power density. The new condenser also provides a sufficient cooling capacity without taking up additional installation space, ensuring comfortable temperatures in the cabin. Because fast charging is a key factor in the acceptance of electric vehicles, this innovation from MAHLE contributes towards making this form of transport more suitable for everyday use and the mass market.



### MAHLE launches new generation of its e-bike drive system

MAHLE launched a new generation of its drive system for e-bikes. Thanks to an extremely compact design, the X35+ system can be integrated almost invisibly into a conventional bicycle frame. Rather than follow the trend toward maximum power output, MAHLE offers ideal user-oriented performance. This makes the system not only more streamlined but also significantly lighter, for a total weight of 3.5 kilograms. The hardware is supplemented by an integrated connectivity solution featuring mobile and web-based apps.

### Fast, inexpensive, flexible—MAHLE introduces new modular filter concept for fuel cells

MAHLE developed two standardized air filter solutions for fuel cells. Thanks to this new modular approach, MAHLE is able to significantly reduce development times and costs, with developers now having direct access to a fully developed “off-the-shelf” component. The new MAHLE air filters reliably protect fuel cells with an output of 25–50 kW or 80–120 kW from harmful gases and particles, ensuring the operation of the fuel cell over the entire service life of a vehicle and minimizing the use of expensive catalysts.



For us, sustainability begins in the research and development phase.



## MAHLE opens new test bench for electric drives

In November 2020 MAHLE commissioned a test bench for electric drives in the location in Stuttgart/Germany. This equipment will be used to develop and test e-axles and e-drive units for a wide range of electric and hybrid vehicles. The bench will be used on behalf of international customers to carry out functional development work, simulate highly dynamic, transient modes of operation, perform efficiency measurements and torque vectoring, and simulate wheel slip scenarios.

## Product responsibility

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. At our plants, we adhere to strict quality management. This means that our entire production of automotive products is certified and monitored in accordance with the guidelines of the International Automotive Task Force (IATF 16949).

The constituents we use are documented in the International Material Data System (IMDS). We regularly compare the constituents of our products with the stringent requirements of the EU REACH regulation and corresponding regulations in other countries to prevent the use of hazardous substances in our production as much as possible.

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 Management Board.

## 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. Logistics in the automotive sector are closely synchronized, which means that supply disruptions can, in the worst-



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

case scenario, lead to a halt in production for the customer. Risk monitoring of our own suppliers and the implementation of mitigation measures help to prevent us from a loss of supplies. (see "Sustainable supply chain" chapter). If a risk occurs despite risk mitigation measures, our contingency plans help to maintain our deliveries to customers.

We have also 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 fires or natural disasters. We also ensure that specific liability situations such as environmental issues are also covered.



# Sustainability in the supply chain

*MAHLE is aware of its responsibility for its own supply chain. We expect 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

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. Imposing sustainability aspects in the supply chain also 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 10,000 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.

### Requirements for MAHLE suppliers

Our Supplier Code of Conduct forms the basis for the responsible design of the supply chain<sup>1</sup>. Because of this topic's relevance, in 2020 the code was made

even more specific by focusing on ILO standards. The suppliers 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

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.

## Supplier registration and assessment

When selecting suppliers, one factor we consider is their compliance with certified quality and environmental management standards. If quotations are equal in price, environmental criteria, such as ISO 14001 certification, are the deciding factor. In the future, 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 inquire about their 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

<sup>1</sup> [www.mahle.com/en/purchasing/general-guidelines-for-suppliers/](http://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/)



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. As a last resort, 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.

### The particular challenge of conflict minerals

Conflict minerals are materials whose mining and sale fund armed conflicts in war zones or high-risk regions. The term refers to tin, tungsten, tantalum, and gold mined, for example, in disputed regions of the Democratic Republic of the Congo or neighboring countries. Companies that use these metals are urged to monitor and document their origin to avoid indirectly supporting conflicts and related human rights abuses.

To provide our customers with evidence of the conflict-free origin of the metals in our products, our corporate HSE function, in coordination with Purchasing, poses questions to all relevant suppliers. We use an internationally standardized form (the Conflict Minerals Reporting Template [CMRT]) and monitor the responses. If we discover that a supplier

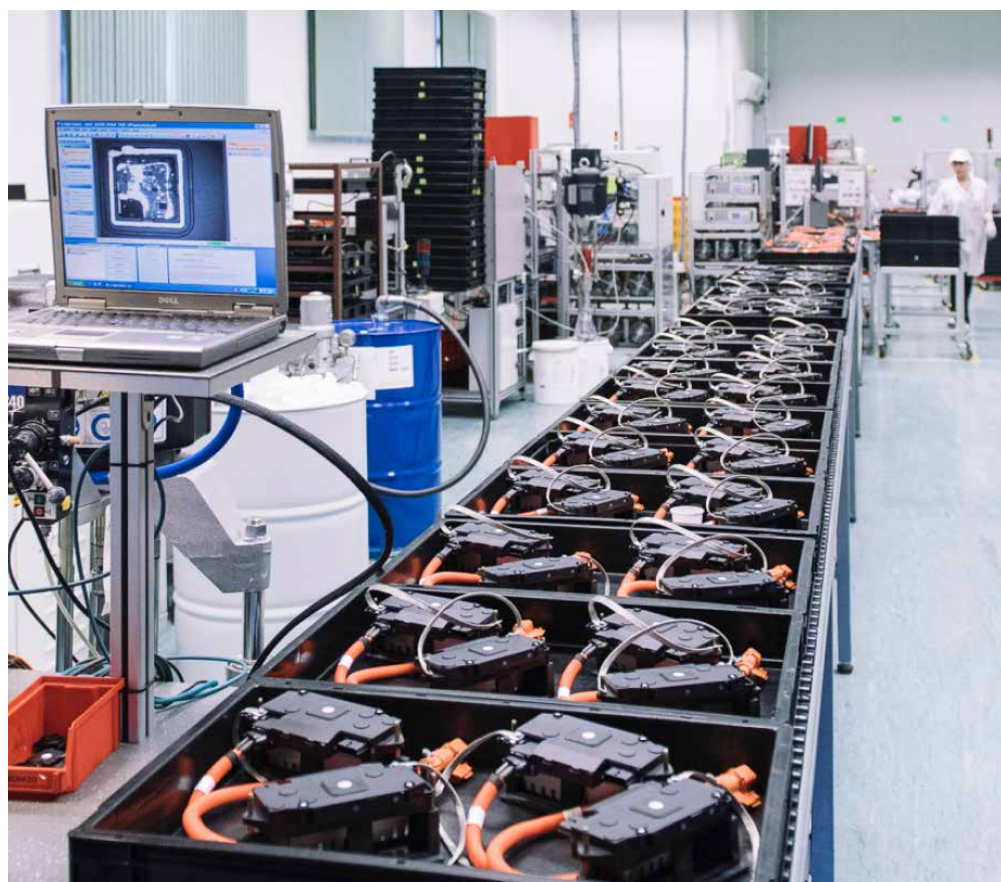
is using conflict minerals, we work toward switching to conflict-free metals as quickly as possible.

### Largest supplier countries by purchasing volume 2020

Ranking	Supplier country	Volume
1	China	22%
2	Germany	19%
3	USA	15%
4	Japan	5%
5	Mexico	4%
6	Italy	4%
7	South Korea	4%
8	Spain	3%
9	India	2%
10	Poland	2%



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



# 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.*

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. A few examples are outlined below, while others are described in detail in the MAHLE Foundation's Annual Report.<sup>1</sup>

## Stuttgart's "Coronades"

Necessity is the mother of invention—a saying that held more truth than ever in 2020. The Stuttgart Coronade concerts were a case in point. During the lockdown in the spring of 2020, Stuttgart-based performers played music in front gardens, in the courtyards of retirement homes, and on the streets, bringing joy into the everyday life of many people. "As the MAHLE Foundation, we supported this project and are delighted that the artists were able to create an emotional connection to their audience despite the physical distance," Jürgen Schweiß-Ertl, Managing Partner of the MAHLE Foundation, sums up.



Despite the lockdown, people should not have to miss out on the chance to enjoy music, and the Stuttgart Coronade concerts were a welcome break.



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.

<sup>1</sup>[www.mahle-stiftung.de/en/downloads/](http://www.mahle-stiftung.de/en/downloads/)

## Waldorf schools around the world battle the coronavirus crisis

In 2020, many of the world's approximately 1,150 Waldorf schools and 1,800 Waldorf kindergartens faced unforeseen challenges due to the coronavirus pandemic. The organization Freunde der Erziehungskunst Rudolf Steiners e.V. (Friends of Waldorf Education) has connections with many Waldorf schools around the globe, and it knows where schools need support. The MAHLE Foundation provided assistance by participating in joint corona aid activities. The support provided by the MAHLE Foundation has been largely targeted at schools that are entirely dependent upon fees paid by parents and are not in receipt of state subsidies.



By participating in joint aid activities, the MAHLE Foundation helped support Waldorf schools during the corona pandemic.



The MAHLE Foundation supports the educational concept of the Filderklinik, which encourages targeted support for trainees in their learning processes.

## Restructuring at the Filderklinik nursing education center

Since it was founded, the Filderklinik (Filder Hospital) has been the MAHLE Foundation's largest funding project. The organization also has its own nursing education center, which offers state-recognized training courses for caring professions. With the backing of the MAHLE Foundation, the center's education concept is now being completely redesigned in order to offer caregivers who are in training even more targeted support in their learning processes in the future. The project, entitled Learning Pathways—Enabling Personalized Learning in Nursing Education, aims to analyze learning processes in practical and theoretical

aspects of training and to trial innovative learning concepts. One particular focus of the project is on providing personalized learning support. "Whether in terms of learning or educational background, age, or language, the profile of trainees in the care professions is in a constant state of flux. The redesigned concept for nursing education at the Filderklinik takes account of these changes," Schweiß-Ertl explains.

# 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 2020 business year—that is, the period between January 1, 2020 and December 31, 2020.

We plan to produce a Sustainability Report every year, with publication of the report for the reporting period 2021 anticipated in 2022.

# SDG Index

## SDGs relevant to the MAHLE Group

SDG	Goals	2020 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 2020: 4.1</li> </ul>	<ul style="list-style-type: none"> <li>▪ ISO45001: 82 locations certified</li> <li>▪ Chemical management system, Supplier Code of Conduct, CMRT</li> <li>▪ Managing Safely mandatory training program</li> <li>▪ Safety observation tours at locations</li> <li>▪ Accident Rate 2020: 3.8</li> </ul>	21–23
	<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>▪ Global D&amp;I Commitment</li> <li>▪ Women@MAHLE network activities, female leadership events</li> <li>▪ Communication campaigns: "I create my space at MAHLE", International Women's Day, Diversity Day</li> </ul>	27–28
	<ul style="list-style-type: none"> <li>▪ Carry out an in-depth assessment of our water footprint and related water risks and further develop reporting system</li> </ul>	<ul style="list-style-type: none"> <li>▪ Report water usage to the CDP, Rating B-</li> <li>▪ Regions define their own targets</li> </ul>	35
	<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 (relative to our turnover)</li> <li>▪ Become CO<sub>2</sub> neutral in Germany starting in 2021 (Scope 1 &amp; 2)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Report energy usage to the CDP, Rating B</li> <li>▪ Locations record their consumption figures in a central database on a monthly scale</li> <li>▪ Energy efficiency: 277 MWh / EUR million sales</li> <li>▪ 13 locations certified in accordance with ISO 50001</li> </ul>	31–33
	<ul style="list-style-type: none"> <li>▪ Approach development of solutions for alternative powertrain technologies and the optimization of the combustion engine in a holistic manner</li> </ul>	<ul style="list-style-type: none"> <li>▪ Communication with employee representation bodies</li> <li>▪ Supplier Code of Conduct adjusted to focus on ILO standards</li> <li>▪ Conform with statutory regulations at our locations, and offer supplementary benefits at many</li> <li>▪ MAHLE Business Code</li> </ul>	7, 14, 26, 28
	<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 (compared with 2021)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focus on battery electric drive, the fuel cell, and the intelligent internal combustion engine powered by non-fossil fuels</li> <li>▪ Training programs with expansion of courses on innovation, technological topics</li> </ul>	4, 26, 29, 37
	<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>▪ International Material Data System</li> </ul>	34, 39

SDGs chosen based on analyses of customer requirements and the MAHLE Materiality Matrix (see chapter "Sustainability management at MAHLE")

# GRI Content Index

## GRI 102: GENERAL DISCLOSURES 2016

Disclosure	Page	Status	Omissions/explanations
GRI 102-1: Name of the organization	5	●	
GRI 102-2: Activities, brands, products, and services	6	●	
GRI 102-3: Location of headquarters	6–9	●	
GRI 102-4: Location of operations	8–9	●	
GRI 102-5: Ownership and legal form		●	AR 2020, p. 36–37
GRI 102-6: Markets served	6–7	●	
GRI 102-7: Scale of the organization	6, 8	○	<b>a. iv.</b> AR 2020, p.49 <b>a. v.</b> Due to the great number and diversity of the different product groups, no total quantity figure is available.
GRI 102-8: Information on employees and other workers	8	○	Our records do not currently allow us to provide a detailed breakdown of our workforce by: <b>a.</b> Gender, <b>b.</b> Employment contract and region, <b>c.</b> Employment type and gender. We are working to improve the database. Further explanations: <b>d.</b> Only an insignificant amount of our business activity is performed by workers who are not employees, <b>e.</b> No significant variations reported in Disclosures 102-8-a, 102-8-b, and 102-8-c, <b>f.</b> No summary of the data available yet, therefore no explanation.
GRI 102-9: Supply chain	40–41	●	
GRI 102-10: Significant changes to the organization and its supply chain	n/a	●	There were no significant changes to the organization during the reporting period.
GRI 102-11: Precautionary Principle or approach	10	●	
GRI 102-12: External initiatives	11, 42–43	●	
GRI 102-13: Membership of associations	11	●	
GRI 102-14: Statement from senior decision-maker	4	●	
GRI 102-15: Key impacts, risks, and opportunities	10	●	
GRI 102-16: Values, principles, standards, and norms of behavior	10, 11–12	●	
GRI 102-18: Governance structure	10, 12	●	
GRI 102-29: Identifying and managing economic, environmental, and social impacts	10, 12	○	

Disclosure	Page	Status	Omissions/explanations
GRI 102-31: Review of economic, environmental, and social topics	10	●	
GRI 102-40: List of stakeholder groups	12	●	
GRI 102-41: Collective bargaining agreements	26	○	<b>a.</b> Working conditions at MAHLE are regulated by collective bargaining agreements (where available). Percentage figures of employees covered by collective bargaining agreements are not currently available.
GRI 102-42: Identifying and selecting stakeholders	12	●	
GRI 102-43: Approach to stakeholder engagement	12	●	
GRI 102-44: Key topics and concerns raised	12–13	●	
GRI 102-45: Entities included in the consolidated financial statements	n/a	●	AR 2020, pp. 84–89
GRI 102-46: Defining report content and topic Boundaries	12	●	
GRI 102-47: List of material topic	12	●	
GRI 102-48: Restatements of information	n/a		<b>a.</b> No restatements of information
GRI 102-49: Changes in reporting	n/a		<b>a.</b> No significant changes
GRI 102-50: Reporting period	44	●	
GRI 102-51: Date of most recent report	n/a	●	The most recent Sustainability Report covered the reporting years 2018 and 2019 and came out in 2021.
GRI 102-52: Reporting cycle	44	●	
GRI 102-53: Contact point for questions regarding the report	56	●	
GRI 102-54: Claims of reporting in accordance with the GRI Standards	44	●	
GRI 102-55: GRI content index	46–55	●	
GRI 102-56: External assurance	n/a	●	The Sustainability Report has not been assured, but we plan on assuring it.

## Topic-specific Standards

GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Procurement Practices</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40	●	
	103-2 The management approach and its components	40–41	●	
	103-3 Evaluation of the management approach	40–41	●	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	40–41	●	
<b>Anticorruption</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	10, 14	●	
	103-2 The management approach and its components	10, 14	●	
	103-3 Evaluation of the management approach	10	●	
GRI 205: Anticorruption 2016	205-1 Operations assessed for risks related to corruption	15–16	●	
	205-2 Communication and training about anticorruption policies and procedures	17	●	Only absolute figures are given. <b>a., b., d., and e.</b> 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 the 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 Explanation of the material topic and its Boundary	10, 14	●	
	103-2 The management approach and its components	10, 14	●	
	103-3 Evaluation of the management approach	10, 14	●	
GRI 206: Anticompetitive Behavior	206-1 Legal actions for anticompetitive behavior, antitrust, and monopoly practices	15–17	●	Restrictions due to duty of confidentiality. Numbers and details of reported incidents are not published for reasons of confidentiality. AR 2020, p. 58



GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Materials</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34	❶	We are planning on setting up a Group-wide reporting system. We report on conflict minerals.
	103-2 The management approach and its components	30	❶	
	103-3 Evaluation of the management approach	30	❶	
<b>Energy</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31	●	
	103-2 The management approach and its components	30	●	
	103-3 Evaluation of the management approach	30–31	●	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	33	❶	Our records do not currently allow us to break down energy consumption figures by: <b>b.</b> Not applicable <b>c. ii./iii.</b> Proportion of heating vs. cooling <b>d.</b> Not applicable <b>f.</b> We adhere to the GHG Protocol <b>g.</b> Market-based conversion factors are preferred
	302-3 Energy intensity	32–33	●	<b>a.</b> See table: "Primary energy consumption 2019/20 by energy source" <b>b.</b> The denominator is sales <b>d.</b> Within the organization
	302-4 Reduction of energy consumption	31, 33	●	<b>c.</b> Base year is 2018 <b>d.</b> Calculation methods as per GHG Protocol
<b>Water and Effluents</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35	❶	The database for water management at Group level is still in the consolidation phase. Regions define their own targets for water reduction.
	103-2 The management approach and its components	35	❶	
	103-3 Evaluation of the management approach	30, 35	❶	

GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Water and Effluents</b>				
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	35	●	<b>a.</b> In the future, we plan to report further key water figures. <b>b., c.</b> We do not yet aggregate information on water-related impacts.
	303-2 Management of water discharge-related impacts	35	●	<b>a.</b> 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	35–36	●	<b>a. iii.</b> Not applicable. We do not source seawater. <b>b., c.</b> We do not yet aggregate information on areas with water stress or by freshwater/other water.
<b>Emissions</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	33	●	
	103-2 The management approach and its components	33	●	
	103-3 Evaluation of the management approach	30, 33	●	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	32	●	<b>e.</b> Emission factors are either site-specific or based on VDA Emission factors, DEFRA 2017 or EN 16258. GWP rates correspond to IPCC Fifth Assessment Report, details on request.
	305-2 Energy indirect (Scope 2) GHG emissions	32	●	<b>e.</b> Emission factors are either site-specific or based on VDA Emission factors, DEFRA 2017 or EN 16258. GWP rates correspond to IPCC Fifth Assessment Report, details on request.
	305-3 Other indirect (Scope 3) GHG emissions	n/a	○	We are planning on taking account of Scope 3 emissions in our data recording in the coming years.
	305-4 GHG emissions intensity	32	●	<b>a.</b> See table: “Greenhouse gas emissions 2019/2020” <b>b.</b> The denominator is sales <b>c.</b> Scope 1 and Scope 2 included <b>d.</b> All types of greenhouse gases included, given as CO2 equivalents
	305-5 Reduction of GHG emissions	32	●	<b>a.</b> See table: “Greenhouse gas emissions 2019/2020” <b>b.</b> All types of greenhouse gases included, given as CO2 equivalents <b>c.</b> Base year is 2018 <b>d.</b> Scope 1 and Scope 2 included <b>e.</b> Calculation method as per GHG Protocol
	305-6 Emissions of ozone-depleting substances (ODS)	n/a	○	We do not yet aggregate information on air pollutants, such as NOX (nitrogen oxides), SOX (sulfur oxides), or ODS (ozone-depleting substances), across the Group.
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	n/a	○	

GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Waste</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34	●	
	103-2 The management approach and its components	34	●	
	103-3 Evaluation of the management approach	30, 34	●	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	34	●	
	306-2 Management of significant waste-related impacts	34	◐	a. We are planning on setting up a Group-wide reporting system to record waste figures.
	306-3 Waste generated	34	○	a. We are planning on setting up a Group-wide reporting system.
<b>Environmental Compliance</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30	●	
	103-2 The management approach and its components	15–16	●	
	103-3 Evaluation of the management approach	15–16, 30	●	
GRI 307: Environmental Compliance	307-1 Noncompliance with environmental laws and regulations	30	●	Restrictions due to duty of confidentiality. b. We ensure compliance with legal requirements by means of the continued development of internal and external HSE audits (including ISO14001, EMAS). In 2020 over 85 percent of our approximately 160 locations were already certified in line with at least one of these standards.
<b>Supplier Environmental Assessment</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40	●	
	103-2 The management approach and its components	40–41	●	
	103-3 Evaluation of the management approach	40–41	●	
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	40	●	The environmental certifications of all new suppliers of production materials are checked.
<b>Employment</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24	●	
	103-2 The management approach and its components	24–29	●	
	103-3 Evaluation of the management approach	29	●	

GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Employment</b>			!	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	8	ⓘ	<b>a., b.</b> We do not yet 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.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	26	ⓘ	<b>i.-iii., v., and vii.</b> We are in the process of creating a Group-wide database to cover these points. <b>iv.</b> We offer supplementary benefits at many locations, such as a company-funded pension scheme in Germany. <b>v.</b> See 401-3.
	401-3 Parental leave	26	ⓘ	<b>a.</b> In alignment with legal requirements. <b>b.- e.</b> We are in the process of creating a Group-wide database. Information is currently only available for Germany.
<b>Labor-Management Relations</b>				
GRI 402: Labor-Management Relations 2016	402-1 Minimum notice periods regarding operational changes	26, 28	ⓘ	A standard answer cannot be given, depends on the specific circumstances at the locations.
<b>Occupational Health and Safety</b>			!	
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its Boundary	19-23	●	
	103-2 The management approach and its components	21-24	●	
	103-3 Evaluation of the management approach	23	●	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	21	●	
	403-2 Hazard identification, risk assessment, and incident investigation	23	ⓘ	
	403-3 Occupational health services	23, 30	ⓘ	
	403-4 Worker participation, consultation, and communication on occupational health and safety	23	ⓘ	Locations have implemented local processes for worker participation and consultation.
	403-5 Worker training on occupational health and safety	23	●	
	403-6 Promotion of worker health	24	●	

GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Occupational Health and Safety</b>				
GRI 403: Occupational Health and Safety	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	23	●	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	22	●	<p><b>a. i., ii.</b> Restrictions due to duty of confidentiality.</p> <p><b>a. iv.</b> Types of injury are regionally documented in a standardized form. We are working on a centralized method of data acquisition valid for all regions.</p> <p><b>b.</b> Data not yet recorded</p> <p><b>c.</b> Restrictions due to duty of confidentiality.</p> <p><b>e.</b> Rates have been calculated based on 1,000,000 hours worked.</p> <p><b>f.</b> Data not yet recorded.</p>
<b>Training and Education</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	29	●	
	103-2 The management approach and its components	24, 29	●	
	103-3 Evaluation of the management approach	24–29	●	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	29	●	Data only available for Germany, not broken down by gender and employee category.
	404-2 Programs for upgrading employee skills and transition assistance programs	26, 29	●	<p><b>a.</b> Global Pilot Project: A global needs-oriented training and development initiative implemented providing the talent we need to shape future mobility by reskilling employees towards future job profiles based on the strategic planning of the business.</p> <p><b>b.</b> No programs for transition assistance or career endings yet defined</p>
	404-3 Percentage of employees receiving regular performance and career development reviews	29	●	100% coverage
<b>Diversity and Equal Opportunity</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27–28	●	
	103-2 The management approach and its components	27–28	●	
	103-3 Evaluation of the management approach	27–28	●	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	27–28	●	<b>a. ii. and iii.</b> Data not yet recorded. <b>b. ii. and iii.</b> Data not yet recorded.

GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Nondiscrimination</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27–28	●	
	103-2 The management approach and its components	27–28	●	
	103-3 Evaluation of the management approach	27–28	●	
GRI 406: Nondiscrimination 2016	406-1 Incidents of discrimination and corrective actions taken		○	<p><b>a.</b> Restrictions due to duty of confidentiality. Numbers of reported incidents are not published for reasons of confidentiality.</p> <p><b>b.</b> Restrictions due to duty of confidentiality. 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>
<b>Freedom of Association and Collective Bargaining</b>				
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	26	●	a. No breakdown by operations, suppliers, and countries is available.
<b>Human Rights Assessment</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	28	●	
	103-2 The management approach and its components	28	●	
	103-3 Evaluation of the management approach	28	●	
GRI 412: Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	n/a	○	No precise data on participation in these trainings is available yet.
<b>Supplier Social Assessment</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40	●	
	103-2 The management approach and its components	40–41	●	
	103-3 Evaluation of the management approach	40–41	●	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	40	●	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	40–41	●	No awareness of negative impacts in the reporting period.

GRI Standard	Disclosure	Page	Status	Omissions/explanations
<b>Customer Health and Safety</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39	●	
	103-2 The management approach and its components	39	●	
	103-3 Evaluation of the management approach	39	●	
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	39	●	a. 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	39	●	
<b>Customer Privacy</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18	●	
	103-2 The management approach and its components	18	●	
	103-3 Evaluation of the management approach	18	●	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	18	●	a., b. Restrictions due to duty of confidentiality
<b>Socioeconomic Compliance</b>				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	14–15	●	
	103-2 The management approach and its components	15–16	●	
	103-3 Evaluation of the management approach	15–16	●	
GRI 419: Socioeconomic Compliance 2016	419-1 Noncompliance with laws and regulations in the social and economic area		●	Restrictions due to duty of confidentiality. AR 2020, p. 58.

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. For ease of reading, we have otherwise not given additional references in the “GRI content index.”

## Imprint/contact information

### Published by

MAHLE GmbH  
Pragstraße 26–46  
70376 Stuttgart/Germany  
Phone +49 711 501-0  
www.mahle.com

### Contact

MAHLE International GmbH  
Kathrin Apel, Head of Corporate Sustainability &  
Occupational Health, Safety,  
and Environment Management (CO)  
Pragstraße 26–46  
70376 Stuttgart/Germany

### Graphic design and layout

FACT GmbH Werbeagentur  
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Die Filderklinik/Maks Richter  
MAHLE-STIFTUNG GmbH/Charlotte Fischer  
Katja Schnackenburg

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MAHLE Sustainability

MAHLE International GmbH  
Pragstraße 26-46  
70376 Stuttgart /Germany  
Phone: +49 711 501-0

[www.mahle.com](http://www.mahle.com)