



Sustainability
Report
2022

Contents

Preface	04
The MAHLE Group	06
Sustainability Management	12
Climate and Environment	18
Working at MAHLE	28
Occupational Health and Safety	38
Sustainability in the Supply Chain	41
Human Rights	44
Responsible Corporate Governance	46
Sustainable Innovations	50
Sustainable Finance	54
The MAHLE Foundation	55
SDG Index	58
GRI Content Index	59
Imprint/Contact	67

Preface



Arnd Franz

Chairman of the Management Board
and CEO of the MAHLE Group



We have expanded
the CO₂ Roadmap by
setting targets for our
Scope 3 emissions.

Dear readers,

The year 2022 was another challenging year for our industry. The war against Ukraine and other geopolitical tensions, disturbed supply chains, hefty price increases for freight, energy and raw materials, the threat of energy shortages put us under an unprecedented stress test. At the same time the year was marked by the continuation of numerous relevant legislative initiatives, such as the EU regulation of CO₂ and pollutant emissions for new vehicles.

As a foundation company, MAHLE always keeps an eye on its impact on the environment and people. Ecological and social responsibility form the guiding principle that connects all corporate activities. As a result, we are pursuing an ethically correct and law-abiding behavior, the health and satisfaction of our employees, the safety of their jobs and the protection of the environment and resources along the entire value chain.

Our sustainability strategy has been expanded and includes eight strategic areas that are based on the strategic pillar of end-to-end sustainability. We strive to offer sustainable and innovative products in our strategic future fields electrification, Thermal Management and efficient internal combustion engines. MAHLE believes that a variety of technology solutions for mobility are needed globally to achieve the climate targets as quickly as possible.

Climate change remains a key driver for our industry, and we are proud that MAHLE is on track with its established CO₂ Roadmap and reduced total Scope 1 and 2 by 12% compared to 2021. For a holistic approach, we have expanded the CO₂ Roadmap to also cover

Scope 3 emissions upstream (goods and services we buy from our suppliers) and downstream (in particular emissions that are connected with the use phase of our products) and set targets for our Scope 3 emissions as well. To underline our commitment to meet the goals of the Paris Agreement, we have submitted our Scope 1-3 targets until 2030 to the Science Based Targets Initiative for external approval.

In order to make our products more sustainable, we have developed methodologies to assess the environmental footprint of our products with lifecycle assessments and carbon footprints. This will enable us to engage with our stakeholders about our sustainability performance and will contribute to make our products more sustainable. In light of new requirements regarding supply chain diligence additional measures were taken to ensure that environmental and social standards are met in our supply chain.

Within a global shortage of skilled workers, we continued to drive our MAHLE HR – Human Resources Roadmap forward. The introduction of a new competence model, a talent cycle as well as setting new 5-year targets for women in leadership positions were important milestones.

Finance regulation around the world is evolving towards more sustainability. Therefore, MAHLE has included Sustainable Finance as a strategic topic in its sustainability agenda. First, to participate in the sustainable finance segment MAHLE plans to publish the MAHLE Sustainable Finance Framework within the first half of 2023 which shall be used in the future to collect funding

for sustainability purposes. Second, we are preparing for the EU taxonomy regulation. Taxonomy will essentially influence the ability of suppliers to finance their business. The more products classified as sustainable by taxonomy, the better a company's access to sustainability financing sources. MAHLE is strongly committed to achieving a fair recognition of the contribution of automotive suppliers to climate protection in the automotive value chain in this process so taxonomy can have its intended effect facilitating the transformation to sustainable mobility.

With this Sustainability Report 2022, we aim to inform you about our goals, strategies and measures as well as the progress we have made in different areas. Our report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. By using these standards, we are strengthening the transparency of our actions and laying the foundation for integrated sustainability communication in the future.



Arnd Franz

The MAHLE Group

MAHLE is a leading international development partner and supplier to the automotive industry with customers in the passenger car and commercial vehicle sectors. The technology group was founded in 1920. The company is active in three strategic fields relevant for carbon neutral mobility: electrification, Thermal Management and highly efficient and clean internal combustion engines including the use of hydrogen and e-fuels. In 2022, MAHLE generated sales of EUR 12.4 billion. The company is represented in around 30 countries with approximately 72,000 employees in 152 production locations and 12 major research and development centers. MAHLE is headquartered in Stuttgart/Germany.

Markets and products

Our goal is to make mobility more efficient, more environmentally friendly, and more comfortable. We want to actively accompany the transformation of our industry and shape future mobility. MAHLE has positioned itself clearly for the future: We will offer our customers attractive, competitive, and sustainable solutions in all major global markets and for all drive types. In doing so, we will concentrate on those products in which we have or can expand a leading market position. True to our mission "Efficiency in Motion", we help with our solutions to get as much power as possible from liquid or electrical energy storage of mobile applications - tank or battery - by minimizing efficiency losses. Today, one in every two vehicles globally is equipped with MAHLE components. In addition, MAHLE products are installed in stationary applications, mobile machinery, marine applications and rail transport.

Our management approach

We are led first and foremost by our vision "We Shape Future Mobility", our predefined group goals and our leadership principles. The four MAHLE leadership principles provide direction and the framework for a global understanding of leadership. The nonprofit MAHLE Foundation holds 99.9 percent of the company's shares, while 0.1 percent of the shares are held by Verein zur Förderung und Beratung der MAHLE Gruppe e.V. (MABEG),

which also holds all of the voting rights and thus exercises the shareholder rights. This structure ensures our entrepreneurial independence, which creates the basis for long-term planning and far-sighted investment decisions. The MAHLE Management Board discusses and makes common decisions from a group perspective.

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







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.

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

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



The **Engine Systems and Components** business unit represents one of our core fields of expertise and reflects decades of development and system know-how. The range of products includes steel and aluminum pistons, piston rings, cylinder liners, bearings and valve train systems.



The business unit **Filtration and Engine Peripherals** is one of the top-selling suppliers in many product groups offering product solutions such as filter systems and components for the engine periphery.



The **Thermal Management** unit develops thermal solutions for batteries, fuel cells, power electronics and electric drives enabling greater ranges, higher efficiencies and a longer service life.



Our expertise in the development and manufacture of electric motors and of electronic and mechatronic systems forms the foundation of our **Electronics and Mechatronics** business unit, which is a growth driver within the MAHLE Group, particularly based on solutions for e-mobility.



Our **Aftermarket** business unit supplies trade, workshops and engine repair partners as well as electronic retail platforms around the world with products in original equipment quality, service units and services.

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

MAHLE Group business segments 2022

Sales: EUR 12,434 million | Headcount: 71,947

BUSINESS UNITS					PROFIT CENTERS & SERVICES	
Engine Systems and Components	Filtration and Engine Peripherals	Thermal Management	Electronics and Mechatronics	Aftermarket	Motorsports and Special Applications	
					Large and Small Engine Components	
					Industrial Thermal Management	
					Control Units	
					Central Service Businesses	
EUR 2,593 million	EUR 2,032 million	EUR 4,477 million	EUR 1,353 million	EUR 1,219 million	EUR 759 million	Sales
23,689	9,212	20,436	8,583	1,926	8,101	Headcount

Key figures of the MAHLE Group by region

	Production locations/ research and development centers	Employees	Sales (in EUR million)
Europe/Africa	59/5	31,983	5,481
of which Europe	57/5	31,165	5,427
of which Africa	2/0	818	54
America	35/3	23,532	4,335
of which North America	27/2	14,769	3,547
of which South America	8/1	8,763	788
Asia/Pacific	58/4	16,432	2,618
Total	152/12	71,947	12,434

Key figures of the MAHLE Group by region



152 production locations



12 major research & development centers worldwide



Around 72,000 employees*

MAHLE as a reliable business partner

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

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

North America

27 production locations

14,769 employees*

Sales of EUR 3,547 million

Canada, Mexico, USA

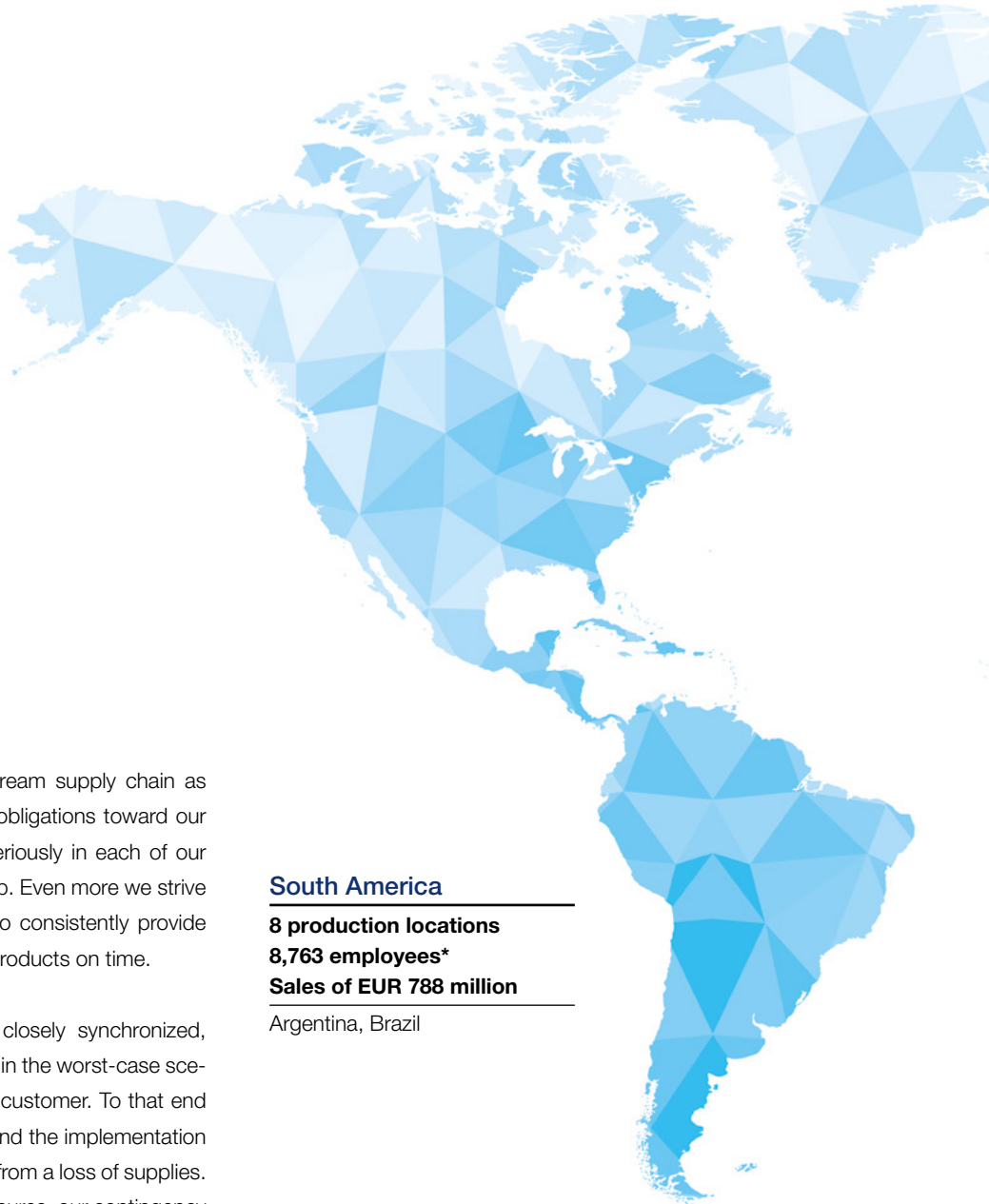
South America

8 production locations

8,763 employees*

Sales of EUR 788 million

Argentina, Brazil



Europe

57 production locations

31,165 employees*

Sales of EUR 5,427 million

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

Asia/Pacific

58 production locations

16,432 employees*

Sales of EUR 2,618 million

China, India, Indonesia, Japan,
Philippines, Singapore, South
Korea, Thailand

Africa

2 production locations

818 employees*

Sales of EUR 54 million

South Africa

Sustainability Management

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

Principles of sustainability management

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





Sustainability ratings and rankings show MAHLE among the 25% best performing automotive suppliers.

Sustainability management

At a glance

- MAHLE's sustainability program was expanded by two topics in 2022: Occupational Health and Safety and Sustainable Finance.
- The materiality analysis was updated with two new material topics: Diversity and Talent Management
- Sustainability ratings and rankings show MAHLE among the 25% best performing automotive suppliers.

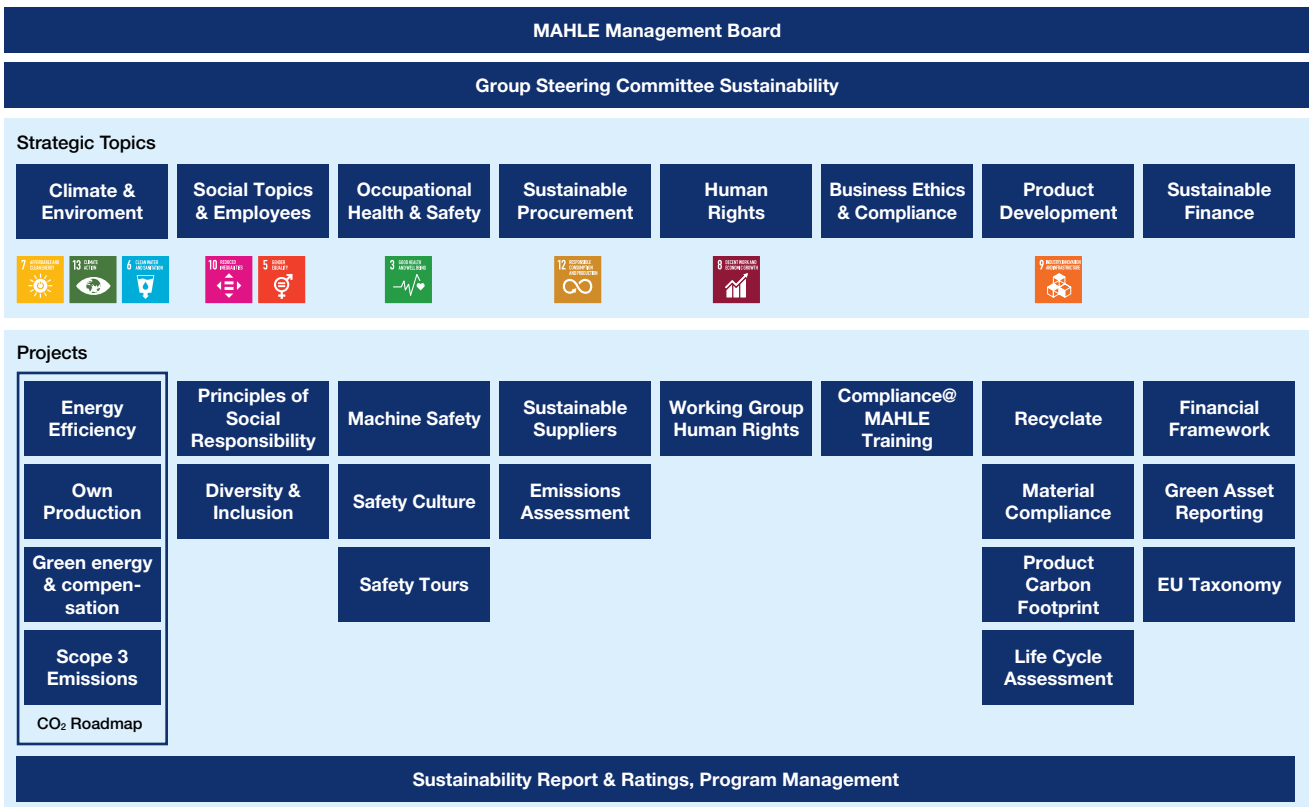
The highest level of responsibility for Sustainability, Environmental Management, and Safety at Work is at the MAHLE Management Board. Strategic decisions related to the sustainability goals of MAHLE are made in the Management Board. Furthermore, our Sustainability Report must be approved by responsible members of the MAHLE Management Board. Our sustainability management is regularly reviewed by the Sustainability Steering Committee. It shall identify related risks and opportunities at an early stage and ensure the appropriate management of our sustainability projects.

MAHLE's sustainability program was expanded by two topics in 2022. As the financial markets for sustainable finance are growing and MAHLE will be subject to requirements from the European Taxonomy regulations in the future, a new strategic sustainability topic 'Sustainable Finance' was identified in 2022. Occupational Health and Safety have always been considered one core responsibility of MAHLE which is now reflected in the sustainability program as a genuine strategic topic. The new topics were defined strategically significant fields of action which are aligned with the UN Sustainable Development Goals (SDGs).

Accordingly, the Sustainability Steering Committee has been extended and now includes the Chief Financial Officer to reflect the increased interconnection with sustainable finance.

The MAHLE Management Board is regularly informed about current sustainability developments and the status of the relevant targets. The operational implementation of sustainability-related topics with projects and measures is decentralized in the various business units and central functions of the MAHLE Group.

Organizational chart of our sustainability program



The corporate function for Sustainability is responsible for the sustainability program management and a driving force for sustainability in MAHLE. It coordinates sustainability activities throughout the Group, leads the regular updates of the materiality analysis, conducts performance monitoring, and ensures the transparent communication and stakeholder dialogue.

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

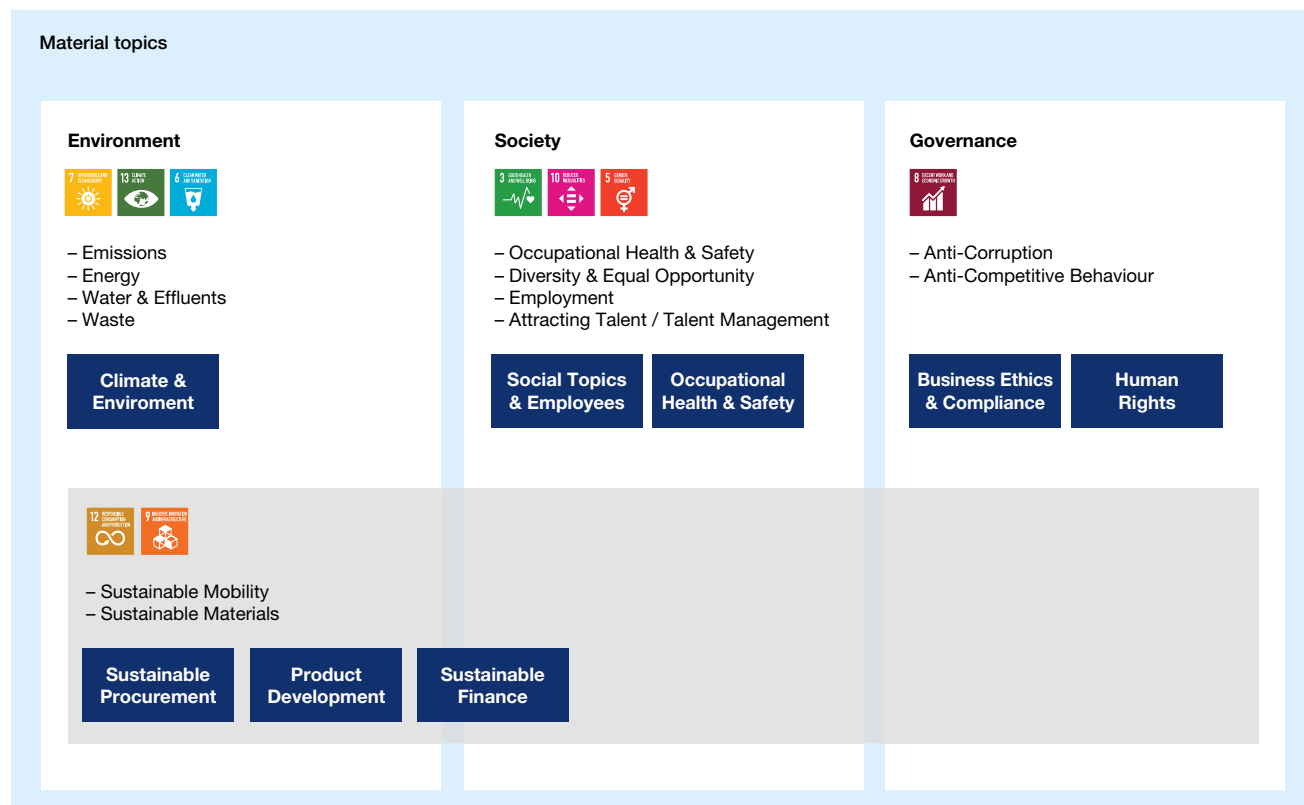
Defining material topics

Our materiality analysis is developed according to the guidelines provided by the Global Reporting Initiative (GRI). We involved different global functions using their expertise to rank topics and

validate the resulting materiality matrix. In 2022, we involved regional BU experts and several plant managers in a review to better reflect the stakeholder views of our 152 production plants around the world.

The update of material topics 2022 reflects the importance of the topic to our stakeholders and the impact of MAHLE. While the results of the 2021 assessment were generally confirmed, minor adaptations regarding the importance of selected topics have been considered: the importance of energy management as well as water and effluent management has increased for scarcity reasons in many regions. Social topics did also evolve. Firstly, the importance of diversity and equal opportunity was emphasized. Secondly, attracting talents and talent management were accentuated as additional topics that were previously integrated in employment. We are convinced that attracting talents is a strategic success factor for MAHLE.

Material topics for MAHLE



Ratings and rankings

MAHLE's sustainability activities are regularly evaluated by external agencies. The results show a good sustainability performance of MAHLE.

EcoVadis is a cross-industry platform that enables customers to evaluate their suppliers according to sustainability aspects. With a total of 57 out of 100 points, MAHLE has achieved silver status in EcoVadis. This places the company among the first 25% in our peer group (manufacture of parts and accessories for motor vehicles).

CDP is a reporting platform with a focus on climate protection. MAHLE currently reports in CDP on the performance around climate and water protection. The rating B for CDP climate on a scale from A to D- corresponds to an above-average result globally and in our industry.

In 2022, MAHLE received an sustainability Risk Rating of 17.0 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from sustainability factors.*

Overview of sustainability ratings

Rating	Summary	Result 2022	Result 2021	Improvement
EcoVadis	Top 25% in group (manufacture of parts and accessories for motor vehicles)	Silver 57/100	Silver 56/100	Environment
CDP Climate	Above industry average	B	B	Scope 3 emissions Emission reduction activities
CDP Water	Industry average	B-	C	Water risk assessment Business impacts Integrated approach Water accounting
Sustainalytics*	Low risk of experiencing material financial impacts from sustainability factors	17	n. a.	Audited sustainability report Environmental policy

*In no event the rating shall be constructed as investment advice or expert opinion as defined by the applicable legislation. Copyright © 2023 Morningstar Sustainalytics. All rights reserved. This score contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and are provided for informational purposes only.

External engagement and political dialogue

As a global company, our active relationship with external stakeholders and political actors is driven by two motivating elements: understanding important regulatory developments and providing our expertise to political processes. We have established relations with, for example, members of parliament, public authorities, ministries and government representatives. Hereby we aim to engage with external stakeholders and political actors in a solution-focused way.

Management and Activities of political relations

At Group level, the central department External Affairs coordinates relations with actors of public policy, above all with political decision makers in Germany and the European Union. In addition, to direct exchange with representatives of government, authorities, or institutions, we actively participate in the formulation of political positions in relevant associations in Germany, the EU, and other countries. MAHLE holds regular discussions with its stakeholders and is a member of various external initiatives, such as the the European Clean Hydrogen Alliance initiated by the European Commission.

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

MAHLE takes transparency very seriously.

We acknowledge that integrity is key for mutual trust and understanding in our political representation and have therefore recognized our ambition in our compliance requirements. In relation to officials and elected officials, this applies without restriction and

strictly with the aim of excluding any appearance of influence from the outset. In political activities, the MAHLE Business Code defines a clear code of conduct for our dealings with third parties. We are listed in the European Transparency Register with respect to our lobbying activities at European level, same applies to the Lobbyregister of the German Parliament.

Our focus in 2022

The year 2022 was dominated by distressing geopolitical events caused by the Russian attack on Ukraine. Besides terrible human suffering the war led to political reactions as well as consequential external shocks on business, industry and society. Like the majority of companies also MAHLE had to deal with resulting effects, and we were closely monitoring any legislation discussed and eventually implemented by policy makers.

At the same time the year was characterized by continued policy making of numerous legislative initiatives relevant to the industry. Most prominently the further implementation of the EU Green Deal to achieve the EU climate targets for 2050. Major regulatory initiatives were further developed to continue de-carbonization of business impacting MAHLE as well. Especially the regulation on CO₂ as well as pollutant emissions for new vehicles are of importance to our company.

MAHLE is convinced that we need a variety in technology solutions for mobility to reach the climate targets as fast as possible. We advocate that policy makers allow a regulatory framework, which considers the contribution of different powertrain technologies for sustainable road transport.

In 2022, another important topic was the new regulations on transparency within the EU taxonomy. We welcome more openness in this regard and therefore advocate that innovations from the supplier industry should also be recognized within the EU taxonomy.

Climate and Environment

MAHLE is committed to its responsibility towards the environment and takes the expectations of its stakeholders seriously. We have therefore integrated climate and environment as a strategic topic into our business strategy.

Our environmental management system focuses on minimizing our ecological footprint and so contributing among others to the preservation of biodiversity in our immediate environment.

With energy-efficient and environmentally friendly processes, MAHLE contributes to the Sustainable Development Goals (SDGs) Clean Water and Sanitation (SDG 6), Affordable and Clean Energy (SDG 7), Sustainable Consumption and Production (SDG 12), and Climate Action (SDG 13).



Environmental management

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

At a glance

- In 2022, 140 of our 152 locations were certified in accordance with the environmental management system ISO 14001 and/or EMAS.

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

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

Our regional HSE representatives coordinate internal surveillance audits as part of audit programs and report monthly to internal stakeholders to ensure continuous improvement at the sites. In addition, external audits are conducted to ensure our compliance with statutory environmental requirements. Employees participate in finding the root cause of incidents, cases of non-conformity and in establishing corrective actions. These actions are later evaluated to ensure that similar incidents are prevented. For cases of non-conformity, the same process is followed, and the corresponding actions and corrective measures are documented.

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

Our environmental management system is based on strict international standards. In 2022, 140 of our 152 locations were certified to ISO 14001 and/or EMAS.

Climate protection



Climate protection is one of the most urgent challenges facing the world. MAHLE is therefore striving to significantly reduce its impact on our climate. Thus, we have integrated climate protection as a strategic topic into our business strategy.

At a glance

- **MAHLE has committed itself to reduce Scope 1 and 2 emissions until 2030 by 49% and to be neutral until 2040 (baseline 2019). In 2022, we were able to reduce these emissions by more than 12% compared to 2021.**
- **MAHLE has committed itself to reduce Scope 3 Emissions, category 1 and 11 by 28% each until 2030 (baseline 2019).**

Climate change has become the main driver of transformation in the automotive industry. In 2022, MAHLE strengthened its ambition, committed to the Science-based Targets initiative (SBTi)

and derived Scope 3 targets aligned to the SBTi methodology. MAHLE has the goal to be climate neutral by 2040, and 49% of emissions in production are to be avoided by 2030, which includes both Scope 1¹ and Scope 2² emissions. Emissions generated in the supply chain (Scope 3, Category 1) and through product use (Scope 3, Category 11) are to be reduced by 28% by 2030. The base year for all calculations is 2019. To achieve the Scope 1 and 2 targets, we are acting in the following areas:

1. We aim to increase energy efficiency by 2% very 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 CO₂e emissions.

Management of Greenhouse Gas Emissions

The Paris Agreement is a legally binding international treaty to address the effects attributed to climate change. It was adopted by 196 countries at the 2015 Paris Climate Conference and its goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. MAHLE aims to be compatible with the goals of the Paris Agreement.

We record the Scope 1 and Scope 2 greenhouse gas emissions that are connected to our own business activities (including joint ventures) and the Scope 3 emissions along the value chain.

The most important energy sources used in our plants are electricity and natural gas that is used in our energy intensive production processes like foundries and welding. With more than two thirds of the total energy consumption most of the greenhouse gas emissions stem from the use of electricity. Last year, our CO₂e emissions from the use of electricity decreased by 14% compared to 2021, although the consumption of electricity increased slightly by 1%. This change is mainly due to the increased purchase of less carbon-intensive electricity. Our production locations in Germany have compensated their Scope 1 and Scope 2 (district heating) emissions with carbon offsets.

¹ 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.

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

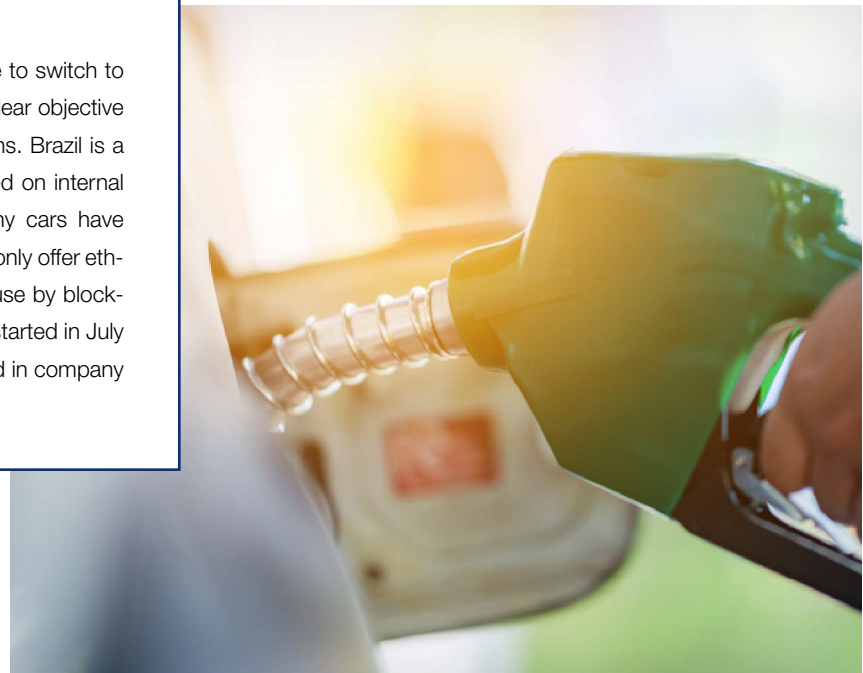
Scope 1 and 2 emissions in 2021/2022

Greenhouse gas emissions 2021/22 ³	Unit	2021	2022	Change
Scope 1	kt CO ₂ e	210	197	-6%
Scope 2 – market based	kt CO ₂ e	866	747	-14%
Scope 2 – location based	kt CO ₂ e	803	812	1%
Total emissions (market based)	kt CO ₂ e	1,076	945	-12%
Offsets of emissions in Germany	kt CO ₂ e	-33	-26	
Total emissions including offsets Germany	kt CO ₂ e	1,044	919	
Relative emissions as measured against sales	kt CO ₂ e/ EUR million sales	98	76	-23%



Ethanol use in Brazil

In Brazil MAHLE has started an initiative to switch to the use of ethanol in the car fleet. The clear objective is to use green energy and cut emissions. Brazil is a good showcase for green mobility based on internal combustion engines: As most company cars have flex fuel engines and gas stations commonly offer ethanol, it was possible to abate gasoline use by blocking it through the fuel card. The project started in July 2022 for more than 70% of all fuels used in company cars and cut carbon emissions by half.



³ Scope 1 and 2 emissions reflect the use of guarantees of origin for electricity as well as emission reduction certificates in Germany.

A significant achievement in 2022 was the setting of Scope 3 targets to complement the Scope 1 and 2 targets after a thorough assessment of our emissions along the value chain. Based on the GHG Protocol we determined the most relevant Scope 3 categories and calculated the emissions accordingly. The largest share of our carbon footprint comes from upstream emissions of the raw materials and services we purchase and from the use of our products (Scope 3 Category 1 and 11 according to the GHG Protocol).

Our total Scope 3 emissions in 2022 amount to more than 31 million tons of CO₂e. We have set ourselves targets for reducing Scope 3 emissions by 28% until 2030 in upstream category 1 and downstream category 11. Our base year was consequently

harmonized to 2019 for all reduction targets, without altering our Scope 1 and 2 reduction path. To ensure that our climate targets are ambitious and aligned with international efforts to meet the goals of the Paris Agreement, MAHLE committed to set science-based targets and submitted these to the Science Based Targets initiative (SBTi) for external validation.

To support and monitor progress in this respect, additional processes and tools were implemented. An analysis across the entire value chain showed that parts and assemblies from external suppliers have a significant impact on MAHLE's CO₂e footprint. Therefore, it is essential to record these CO₂e emissions and to define measures to reduce them in collaboration with our suppliers.

Scope 3 Greenhouse Gas Emissions in 2022

Scope 3 Category	Unit	2022	Share of Scope 3 emission
01 Purchased goods and services	kt CO ₂ e	5,891	18.9%
02 Capital goods	kt CO ₂ e	256	0.8%
03 Fuel- and energy-related services	kt CO ₂ e	290	0.9%
04 Upstream transportation and distribution	kt CO ₂ e	91	0.3%
05 Waste generated in operations	kt CO ₂ e	67	0.2%
06 Business travel	kt CO ₂ e	2	0.0%
07 Employee commuting	kt CO ₂ e	114	0.4%
08 Upstream leased assets	kt CO ₂ e	n.r.	n.r.
09 Downstream transportation and distribution	kt CO ₂ e	16	0.1%
10 Processing of sold products	kt CO ₂ e	294	0.9%
11 Use of sold products	kt CO ₂ e	24,136	77.4%
12 End-of-life treatment of sold products	kt CO ₂ e	12	0.0%
13 Downstream leased assets	kt CO ₂ e	1	0.0%
14 Franchises	kt CO ₂ e	n.r.	n.r.
15 Investments	kt CO ₂ e	n.r.	n.r.
Total	kt CO₂e	31,172	100%

Energy monitoring

Each location records their monthly consumption figures in a central database so that deviations in monthly trends can be identified and investigated. In 2022, we started to report energy and emissions related developments regularly and comprehensively, e.g., through monthly reports for business units and regions as well as a quarterly report for our management. Annual energy efficiency targets are defined on plant level. At our locations, we mainly use electricity, natural gas and heating oil as sources of energy. Electricity consumption, natural gas and other energies increased along with increased production levels. Total energy consumption increased by 1% compared to 2021 but improved specifically by 11% relative to annual sales.

Energy efficiency has always been an integral part of our environmental management systems on group and plant level. At the end of 2022 thirteen locations were certified in accordance with the ISO 50001 energy management system and 24 according to the EMAS standard. 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.

In 2022, we introduced a complementary program and implemented Energy Sprints to enhance energy management. MAHLE trained more than 30 people of different backgrounds on an energy audit methodology specifically adapted to MAHLEs needs. Energy Sprints are carried out by a team consisting of experts from different plants over several weeks and typically start with data / information collection, on-site energy audits with brainstorming and identification of potential measures which are presented to the plant management. The main idea is to identify energy efficiency potentials and cost savings, but also best practice sharing. In 2022, six energy sprints have been carried out and it is intended to make them an integral part of our continuous improvement and optimization process.

In total, MAHLE has worked on approximately 190 energy efficiency projects in 2022 resulting in reported energy savings of about 27 GWh. Although significant savings have been achieved on a project basis, reducing energy consumption significantly compared to our base year 2019 remains a challenge.

Energy consumption by source in 2021/2022

Energy source	Unit	2021	2022	Change
Total electricity	GWh	2,118	2,139	1%
(of which nonrenewable)	GWh	1,780	1,803	1%
(of which renewable)	GWh	338	336	0%
Heating oil	GWh	29	26	-9%
Natural gas	GWh	896	917	2%
Other	GWh	99	102	4%
Total	GWh	3,141	3,184	1%
Relative energy consumption as measured against sales	GWh/ EUR million sales	287	256	-11%

Sustainable product development

MAHLE's activities in sustainable product development contribute to the Sustainable Development Goal Responsible Consumption and Production (SDG 12).



It is one of our core challenges to develop our business toward a circular economy. We use raw materials in our production processes, and we need energy to process these products which affects the environment. Scarcity and price increases for raw materials and energy have a significant impact on business activities. For reasons of environmental protection and cost-effectiveness it is our goal to use resources efficiently and to limit the impacts of our processes.

At a glance

- **MAHLE enhanced accounting methodologies for lifecycle assessments and carbon footprints of products.**
- **We are actively working to increase the use of recycled materials and have achieved good results in resins for the past 3 years, despite deteriorating market conditions.**

To be sustainable in the long-term, material loops need to be closed. We strive to contribute to resource conservation by putting a greater focus on the sustainable composition of our products and on making our products more recyclable and climate friendly, while meeting the needed product and material quality. Therefore, we focus on the sustainable development of products and the purchasing of sustainable materials early on. Working towards a circular economy is a task that involves MAHLE as a whole, from R&D and purchasing to production and sales.

Product Lifecycle Assessments and Carbon Footprint

Lifecycle assessments and product carbon footprints have become an important metric for most of our customers.

It is important for us to understand the sustainability impact of our products, to be able to offer carbon friendly products and to set targets for improvement. MAHLE has therefore developed and implemented lifecycle assessment and product carbon footprint methodologies for this purpose. This approach shall ensure that all relevant environmental aspects are considered starting in the product development process.

The product carbon footprint methodologies cover the product carbon footprint of our supply chain, production and logistics as well as additional costs for low carbon energy and offsets. Complementing our climate strategy for Scope 1 and 2 emissions MAHLE set itself the goal to reduce Scope 3 GHG emissions in by 28% by 2030 from a 2019 base year. To support and monitor progress of our Scope 3 GHG emissions targets in Cat. 1 'purchased goods and services' additional processes and tools were implemented.

An analysis across the entire value chain showed that parts and assemblies from external suppliers have a significant impact on MAHLE's CO₂e footprint. Therefore, MAHLE has started a pilot project to determine the product related emissions in collaboration with our suppliers. This approach brings transparency and identifies main emissions drivers. One exemplary outcome is that MAHLE defines specific and ambitious requirements for the use of renewable energy or low carbon materials in selected projects. A similar process was implemented for lifecycle assessment. It shall ensure that sustainability aspects beyond GHG emissions are considered early on and effectively. This shall facilitate that all legal and customer requirements can be met. Among other benefits, it will be possible to:

- Identify improvement potential within product life cycle to take effective actions at the most relevant development stages,
- Compare alternative designs and products in regard to environmental impacts,
- Provide detailed environmental information to internal and external stakeholders.

Recycled materials

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

In the past years, MAHLE has assessed ways to increase the share of resins from renewable materials. The volumes used decreased from about 10,300 tons in 2020 (8%) to 7,200 tons in 2021 (6%) and 3,100 tons in 2022 (2%). The decline is rooted in market conditions that prevented MAHLE from securing recycled compounds in North America. The main reason lies in a global shortage of glass filler necessary to produce recycled resins. This was evident in several suppliers, therefore prime was used instead of recycled material to avoid stoppages at customers due the supply chain failures. Although MAHLE intends to increase the recycling share of resins already in the design phase, specific OEM product design requirements which often cannot be met by recycled compounds limit this capability. However, for 2023, we plan to switch back to recycled polymers where it is possible.

Hazardous substances

The main target of our management system for hazardous substances is to replace the use of carcinogenic, mutagenic, bio cumulative substances as well as substances which are toxic for the reproduction, also known as CMR substances. Like us, our suppliers are required to comply with all binding chemical regulations like Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), Restriction of certain Hazardous Substances (RoHS), the EU End-of-Life Vehicles (ELV) Directive, the EU Persistent Organic Pollutants (POPs) Directive, the Chemicals Regulation, and the Dodd-Frank Act. The material requirements apply, among other things, to chemical substances used in manufacturing process, purchased parts and packaging.

MAHLE uses the International Material Data System (IMDS) of the automotive industry and Compliance Data Exchange (CDX) for industrial and non-automotive business for the declaration of ingredients. This is mandatory for the declaration of the in-

redients of purchased products, and for recording the recycled content of the materials and purchased parts.

Furthermore, the Substances of Concern (SCIP) database of the European Chemicals Commission (ECHA) has been used since 2021 for the declaration of substances of very high concern (SVHC).

MAHLE pursues the goal of ensuring that all relevant specifications for materials and substances used are compliance and considered when selecting suppliers. For this purpose, the relevant laws, public standards, and customer requirements are regularly evaluated, and criteria are derived that are to be considered in the selection of suppliers. In order to raise awareness to the importance of the provided information, to improve suppliers' compliance performance and to achieve a stronger commitment, we established an open channel for trainings and information exchange with our supplier's.

Amongst other projects in 2022, we worked intensively on the replacement of trichlorethylene used in degreasing processes in our Asian locations. In course of the interdisciplinary project technical requirements of the production process in the location and potential alternatives were tested and implemented successfully in close collaboration with process technology and the plant.

Waste management

MAHLE's waste management contributes to the Sustainable Development Goals (SDG) Responsible Consumption and Production (SDG 12).



Our processes are designed to efficiently use materials in our production and packaging processes. Our waste management follows well established priorities. We strive to minimize scrap and surplus, although it is not possible to eliminate production waste

entirely. That is why the second step in the pyramid, preparation for reuse, also takes high priority. We aim to further recycle any waste that cannot be reused, while disposal without a recovery of materials should only take place in exceptional cases.

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

Waste in 2021/2022

Type	Unit	2021	2022
Metals	tons	93,938	93,938
Plastics	tons	5,215	5,454
Non-hazardous waste for recycling	tons	38,180	40,854
Non-hazardous waste for landfill/incineration	tons	32,396	33,187
Hazardous waste for recycling	tons	14,787	15,160
Hazardous waste for landfill/incineration	tons	16,441	17,568
Overall generated waste	tons	200,957	206,161
Relative waste as measured against sales	tons/EUR million sales	18	17

Water and wastewater

MAHLE's water management contributes to the Sustainable Development Goal (SDG) Clean Water and Sanitation (SDG 6).



To improve the management of water consumption in the future, we developed a group-wide water reporting system. The water KPIs for each location are accessed via our global HSE database. We also report on our water usage to the CDP. In 2022 our reporting on water management was awarded a grade B-, on a scale from A to D. In early 2022 we have undertaken a risk-based assessment of our operating sites to assess their dependency on water withdrawal from water stress areas. The assessment was based on the World Resources Institute (WRI) Aqueduct Water

Risk Analysis. We defined water stress as the two highest categories in the tool ('extremely high-water stress' and 'high water stress'). Based on the assessment, five locations are in areas of extremely high-water stress. These locations are responsible for about 220 megaliters water withdrawal in 2021. Additional three locations are in areas with high water stress. These locations are responsible for 447 megaliters water withdrawal. In total, our locations in areas with the highest or high-water stress are responsible for 12% of our overall water withdrawal. MAHLE sets site specific targets for water management that are pursued within the environmental management systems of the location.

In 2022 we largely utilized groundwater, third party water and water from the public supply network. Additionally, we further extend the use of water in a circular way to not waste it—for example, as rinsing and cooling water. Total water withdrawal increased by 11% in 2022 with production levels. We intend to intensify our water management activities to reduce water consumption in the long term.

Water withdrawal in 2021/2022

Water source	Unit	2021	2022	Change
Third-party or public water	ML	3,596	3,738	4%
Groundwater/well water	ML	4,351	5,128	18%
Surface water	ML	84	84	0%
Groundwater withdrawn (processed)	ML	209	216	3%
Total water withdrawal⁴	ML	8,285	9,166	11%

Recycled water in 2021/2022

Water source	Unit	2021	2022	Change
Recycled water from third parties	ML	45	85	91%

⁴ Including recycled water



Rainwater harvesting system saves costs and covers water requirements of MAHLE ANAND Filter Systems

MAHLE is committed to the conservation and protection of natural resources. In line with this commitment, a rainwater harvesting system was installed at the MAHLE ANAND Filter Systems plant in Pune/India.

Throughout the plant, well water is used for supply. The new system feeds rainwater into the groundwater and thus stabilizes the groundwater level. During dry periods, this process ensures the supply of well water without the risk of the groundwater level dropping too much. The new system has a capacity of 28,000 m³ per year.

Future needs and possible expansions were already considered when designing the rainwater collection system. Prior to the installation of the facility, a hydrogeological survey was carried out to analyze the rainfall runoff situation. Subsequently, the rainwater harvesting system was equipped with the latest technology, such as piezometers and digital water meters to monitor the groundwater level. Special FRP (Fiberglass Reinforced Plastics) tanks with a long service life are installed in the total of nine recharge pits.



Working at MAHLE

'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.

In 2022, sustainability has evolved at a fast pace and brings many challenges. For MAHLE it is crucial to take the right people along the journey. Therefore, it is more than ever important that MAHLE is an attractive employer that people will be enthusiastic about working for. Especially in time of change, we place a high value on our employees' continuous development. It is essential for our company's future success that our staff is fit for the future and feels a part of the MAHLE family. This is why safety and equal opportunity in the workplace are top priorities and why we actively oppose all forms of discrimination.

MAHLE as an attractive employer

As a foundation-owned company, we have a unique responsibility towards our employees. They are our most valuable resource. Their ideas and individual skills, their commitment and motivation, are key to greater innovation and will ensure our future viability in a transforming mobility world. It remains critical to attract and retain talent and to further strengthen our position as an attractive employer in all regions. Our diversity and unique team spirit are our greatest advantage in shaping future mobility and will remain crucial to master the challenges of tomorrow.

Our activities contribute to the Sustainable Development Goal (SDG) Decent Works and Economic Growth (SDG 8).

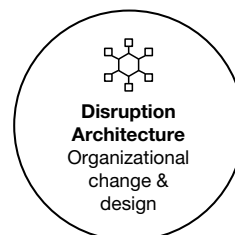


HR Roadmap as cornerstone for strategic HR work

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

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

- **Purpose & Agility:** Enabling a culture of purpose, accountability and innovation to attract & retain the right talent
- **Talent to Value:** Identify, develop and enable diverse talent with specific capabilities and leadership following a clear talent-to-value logic
- **Performance Recognition:** Next generation performance management to drive business priorities, incentivize performance and accelerate results



- Disruption Architecture: Driving & facilitating organizational change and optimizing the company footprint in times of disruption and restructuring.
- Acceleration of efficiency: Providing high quality, efficient & compliant HR transactional operations, services and data.

Employer Branding in tight market conditions

The growing global shortage of skilled workers requires increased efforts and differentiated approaches to counter it. We support local initiatives that introduce young people, especially girls, to Science, Technology, Engineering and Mathematics (STEM) professions at an early stage, helping to build a new generation of talent. In Germany, for example, we traditionally support the annual Girl's Day. In 2022, we were awarded a special nationwide STEM award for this longstanding commitment and our involvement with the Girls Day Academy. South Africa is another example, where we have been collaborating with the Center for the advancement of science and mathematics education (CASME) since 2013, which seeks to develop math and science education at schools in rural and under resourced areas such as with the Science2Go project.

Our Employer Branding activities provide the basis for making talents aware of what MAHLE offers as an employer. This primarily includes strategies that place us as an employer of choice with our target audience. We reach out to job seekers around the globe through appropriate (social) media channels and face-to-face contact by showcasing the entirety of our employment experience and highlighting our exceptional, diverse, and international teams. We continuously improve our marketing strategy to meet the changing needs of our target groups. For our HR Marketing and Employer Branding activities we were granted several awards again this year such as 'Potential Park', 'MINT minded Company' and 'Great Place to Work'. MAHLE was also ranked as a top employer in 'Best Recruiters', 'Leading Employers' and 'Diversity Leaders'.



Talent acquisition and retention remain key

Talent acquisition remains critical to meet our global business targets. In the face of talent shortage, the importance of internal mobility has continued to prove key to quickly filling positions and providing benefits from transferring skills and knowledge sharing. All measures were supported by the upgrade of our global HR system landscape, including a new applicant management system that was successfully implemented in 29 countries worldwide. With a new system in place, we are moving towards a nearly paperless recruitment environment which offers many benefits for internal and external candidates and enables us to meet our 'candidate first' philosophy. We ensure more transparency and an enhanced candidate experience by improved communication, standardized selection processes and a more streamlined internal hiring process.

Retaining new and existing employees in value-critical functions is equally important and is at the heart of our strategic retention activities. The introduction of new leadership principles in 2020 and the ongoing adaptation of our broad range of development opportunities help create a work culture that binds our employees to the company. This is complemented by retention measures designed specifically for individual employee groups, ranging from employee assistance programs for newcomers, to reintegration measures after extended absences, and a range of flexible working options to meet increasing demands for work-life balance. Accordingly, our employee turnover rate for 2022 stayed almost unchanged compared to the previous year at 1.8%, despite the increasing movement on the labor market after the pandemic.



Hybrid work as part of a new working culture

As a company, we are committed to providing a work environment that positively impacts performance, employee satisfaction, engagement, and retention. We foster hybrid-working models which include both on-site and remote working as part of a state-of-the-art working culture. Our approach allows employees to perform their job where they will be most productive and where they can align their working style with their individual needs. With this, we strengthen a global working culture that is characterized by flexibility, self-management, trust and personal accountability.

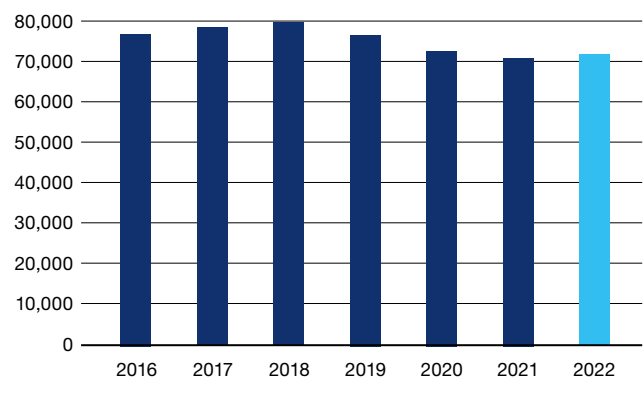
We further established a hybrid working mode with the roll-out of a Global Remote Working Guideline and several workspace pilots including desk sharing concepts and open space offices. By creating modern and inspiring workspaces which are efficient in terms of space utilization, we maintain our attractiveness as an employer, improve our carbon footprint and reduce infrastructure related costs.

Our employees

Employee development

At the end of 2022, 71.947 employees were working for the MAHLE Group worldwide. This corresponds to a year-on-year increase of 649 employees, or 0.9%. The main reasons for this development were our organic growth, especially in future-oriented areas, a good order situation, strong production capacity utilization, particularly in North America and especially in Mexico, and the increased expansion of our shared service centers worldwide.

Headcount development 2016–2022*



*Only figures for 2021-2022 included in PwC assurance scope

Despite an overall decrease of personnel in our European countries in connection with restructuring measures due to the general transformation of the automotive sector, the ongoing expansion of the Electronics and Mechatronics business unit resulted in an increase in the number of employees in some European countries.

Total number of employees by region (head count)

Region	Europe	North America	South America	Asia-Pacific	Africa	Total
Total employees	31,165	14,769	8,763	16,432	818	71,947
Change to previous year (absolute)	-1,282	1,570	27	371	-37	649
Change to previous year (in %)	-4.0%	11.9%	0.3%	2.3%	4.3%	0.9%

In South America, following the sharp reduction in the workforce at the start of the Corona pandemic in 2020, the growth trend in the number of employees already seen there in the previous year continued in fiscal year 2022. In Asia/Pacific we also recorded an increase of headcount, while Africa had slightly fewer employees overall.

Type of employments⁵

While most of our global workforce is permanently employed and works full-time, we also employ 1,293 members of our staff on a part-time basis, 68% of whom are women.

4,077 workers were loaned temporarily for the MAHLE group from external service providers in 2022. This figure is driven by different market conditions in the regions, such as increasing orders in Western Europe which led to a short-term increase in the number of loaned and temporarily employed production personnel in order to instantly meet demand.

Number of employees per type of employment and by region (head count)

Region	Permanent Employees	Temporary Employees (≤3 months)	Temporary Employees (>3 months)	Apprentices	Interns	Parttime	Loaned
Europe	27,738	345	1,453	640	214	1,218	2,110
North America	14,387	21	52	0	76	37	416
South America	8,562	0	2	100	129	1	96
Asia/Pacific	12,390	27	460	20	14	35	1,455
Africa	806	0	1	0	37	2	0
Total	63,077	393	1,967	760	470	1,293	4,077

Number of employees per type of employment and by gender (head count)

Gender Key	Permanent Employees	Temporary Employees (≤3 months)	Temporary Employees (>3 months)	Apprentices	Interns	Parttime	Loaned
Male	47,224	200	1,305	634	280	413	2,660
Female	15,851	193	662	126	190	880	1,417
Total	63,077	393	1,967	760	470	1,293	4,077

⁵ Employee data of the following sections covers 98% of global employees included in our HR group reporting. Not included: inactive employees, joint ventures.

We consider it our responsibility to provide young people with on-the-job education and state-of-the-art apprenticeships. Therefore, 470 interns and 760 apprentices were trained at many of our sites worldwide in 2022. The work of the intern complements the work of our employees while providing significant educational benefits as well as the opportunity to gain experience and develop professionally. During an internship students gain valuable insights into our daily business and thus it is also an important tool to place us as a future employer of choice. Apprenticeships are being offered in various business-, technical- and production-related occupational fields and lay the foundation for many of our much-needed professions. After a successful internship or apprenticeship, our goal is to enable a permanent takeover into the company.

New employee hires

In the year under review, 14,455 new employees were hired worldwide, 4,874 (34%) of whom were women. Encouragingly, this corresponds to a higher proportion of women compared to the proportion of women in the total workforce (26%).

The hiring figures were driven by the development of individual regions with high growth targets. Furthermore, the focus worldwide

continues to be on internal recruiting to provide employees with opportunities for development through internal mobility.

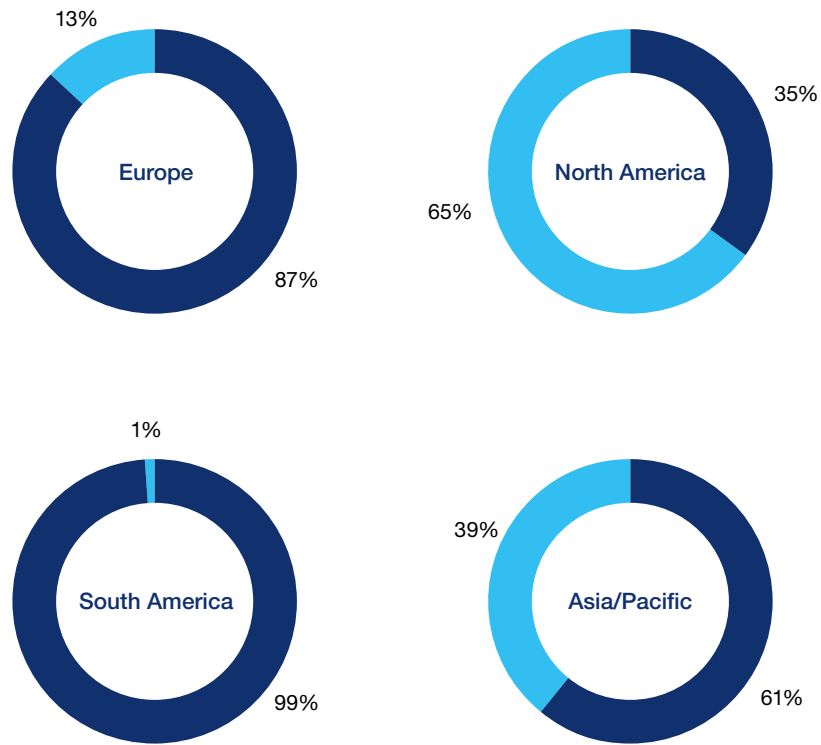
Representation of employee's interests

It is important to us to have trustful relationships with our employees and their representatives. We communicate regularly and openly on business developments and initiatives through various internal communication channels such as the Intranet, our employee app or magazine. Measures related to adjustments of positions or site closures are generally implemented in a socially responsible manner. In most countries and locations, there are local employee representation bodies with whom we cooperate closely. Globally, the working conditions of around 72% of our workforce are subject to a collective bargaining agreement. In Germany, in addition to the location-based Works Councils, a Central Works Council represents the overriding interests of the workforce. The employee representatives from our European locations also send delegates to a European Works Council.

Number of new employee hires by age group, region and gender (head count)

Region	< 18 years	18-29 years	30-49 years	50-64 years	> 65 years	Total
Europe	119	1,633	1,328	275	6	3,361
thereof female	36	538	404	91	3	1,072
North America	2	3,784	3,060	513	25	7,384
thereof female	0	1,369	1,053	182	14	2,618
South America	52	729	422	26	0	1,229
thereof female	23	217	151	10	0	401
Asia/Pacific	0	966	1,315	183	10	2,474
thereof female	0	291	418	65	4	778
Africa	0	2	5	0	0	7
thereof female	0	1	4	0	0	5
Total	173	7,114	6,130	997	41	14,455

Percentage of employees covered by collective bargaining agreements⁶



■ Numbers of employees covered ■ Numbers of employees not covered

⁶ Data 12/31/2022 without Joint Ventures (JV) or temporary workers

Learning and development

State-of-the-art Talent Management framework

The diverse talents of our employees are the key to our corporate success. In terms of Talent Management, we have started the rollout of our new Talent Cycle as a global framework to support our organization with the talent capabilities needed in a changing mobility world. The Talent Cycle is an annual, globally aligned approach. It sets standards for performance evaluation and recognition, contributes to a better feedback dialogue between managers and employees, and provides guidance for individual development.

One major element of the Talent Cycle is the annual performance and development dialogue, in which employee and manager align on individual goals, discuss strengths as well as development needs, and agree on development goals. In the year under review, 86% of all employees globally received their annual review. Our new HR tool landscape supports the new performance review process and contributes to further standardization.

Redesigned Learning & Development landscape

We continued with the implementation of a new learning & development landscape providing more accessible and demand-oriented learning opportunities on a global level. A comprehensive global training and development catalogue which includes cross-functional and career-related learning content, is accessible to all employees and is constantly being updated. New offers include employee access to a global E-Learning platform from business or private devices, expanded language courses or cyber security awareness trainings.

Each training content reflects the competencies defined in our new MAHLE competency model. The new model provides a clear orientation to all employees in their professional and personal development as it identifies the competencies that are essential to the success of the individual, the team, and the entire organization in the ongoing transformation. The model is based on our corporate strategy, our vision and our leadership principles and takes the dynamic changes of our business environment into account.



MAHLE commits to the principle of life-long learning and will continue to empower our global workforce with the skills needed in a transforming mobility world. Targeted training and qualification programs support our employees and managers in their necessary re-/ and up-skilling efforts toward future job profiles and new areas of competence.

The roll-out of a new global learning system to standardize training administration, harmonize global learning processes and simplify access to learning offerings supports our ambitious targets. The new IT solution went live in eleven countries this year and will be available in 17 languages for all MAHLE employees by the end of 2023.

Diversity, equal opportunity, and nondiscrimination

Diversity, equal opportunity and nondiscrimination are firmly anchored in our corporate values as an internationally operating company. We appreciate our global workforce – regardless of gender and gender identity, nationality, ethnic origin, religion or belief, disability, age or sexual orientation. We promote diversity and inclusion of the different experiences and backgrounds of our employees and see this as an opportunity: Through Diversity & Inclusion (D&I), we can increase our innovative performance and support our business goals. MAHLE made a group-wide commitment to promote D&I and to implement corresponding initiatives by signing the Diversity Charta in 2016. All these measures contribute to the Sustainable Development Goals (SDGs) Gender Equality (SDG 5) and Reduced Inequalities (SDG 10).



Various local policies are in place to confirm our commitment to a discrimination free workplace and to set rules and guidelines regarding the prevention of harassment. Our North and South American locations also launched employee led D&I Councils, which meet on a regular basis to work on local D&I initiatives and the establishment of affinity groups.

To create a joint understanding of the importance of diversity, equal opportunity and non-discrimination to our business success, we expanded our global learning offerings to include D&I learning paths and a virtual D&I learning toolbox in multiple languages. We demonstrate our clear commitment through continuous internal and external communication, and we celebrate our diverse workforce with a range of activities each year, including International Women’s Day or Diversity Day.

➤

Target of 20% women in Supervisory Board met.

New targets for 2027 set:
 10% women on First Executive Level
 15% women on Second Executive Level



sHero Award China for best International Women’s Day activities



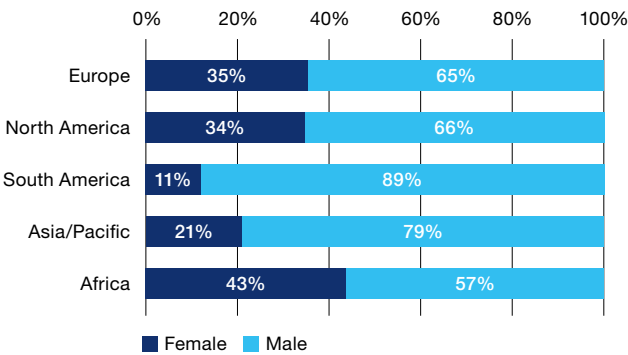
CADIA Certification for our commitment to diversity (Center for Automotive Diversity, Inclusion and Advancement (North America))

Diversity of our global workforce

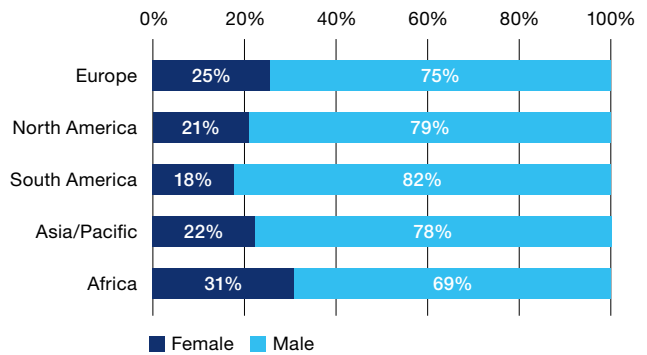
Employees from 152 locations work together at MAHLE. Overall, 26% of our employees are women. In the benchmark, we are well within our industry average. The proportion of women in direct jobs is 29% and in indirect jobs 23% globally. At MAHLE, diversity not only means working together across five continents and multiple cultures, but it also stands for collaborating in mixed

teams across multiple generations. As most of our employees are between 30-50 years old, the overall average age of our global workforce in 2022 is 41 years. We see age diversity as an advantage for MAHLE and are proactively fostering cross-generational teams. We encourage teams to co-create initiatives that combine past learnings with new innovations for greater efficiency.

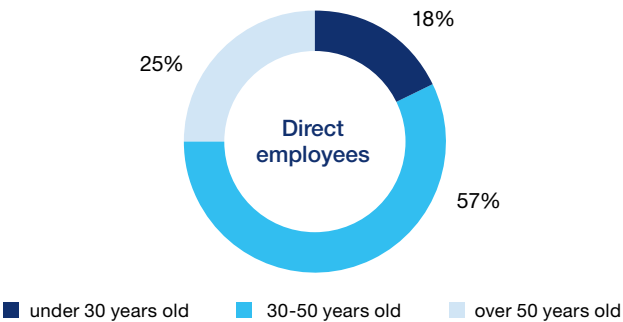
Gender diversity (direct employees)



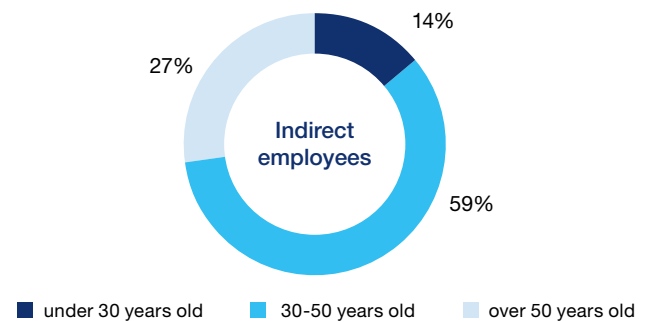
Gender diversity (indirect employees)



Age diversity (direct employees)



Age diversity (indirect employees)



New targets for the proportion of women on the Supervisory Board and Management Board

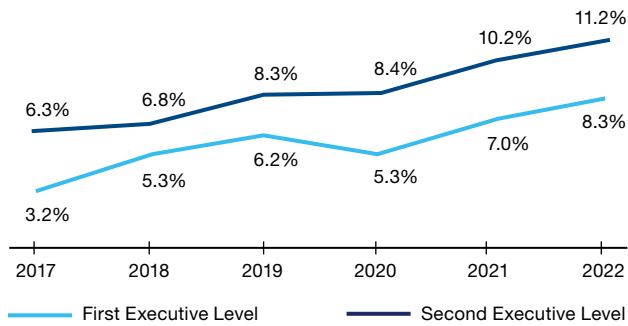
Regarding the proportion of women on the Supervisory Board of MAHLE GmbH, the previously set target of 20% female members of the committee was achieved in the reporting period. In April 2022, the supervisory board determined the following: 'For the period until 30 June 2025, the target figure for the proportion of women on the Supervisory Board for employee representatives is set at 25%. The target figure for the proportion of women in the Management Board of the

MAHLE GmbH is set at 29% by 30 June 2027 (which currently equals 2 out of 7 members)'.

Proportion of female executives worldwide

Globally, 15% of all leadership positions were filled with female leaders at the end of 2022. On the First Executive Level below the Management Board, we accounted for 8.3% of women. On the Second Executive Level 11.2% of managers were women. Both an increase compared to last year and trend of a continuous development over the last several years.

Proportion of women on First and Second Executive Level*



*Only figures for 2021–2022 included in PwC assurance scope

New targets for the proportion of women on First and Second Executive Level

Our commitment to an inclusive and appreciative work environment was reinforced by the adoption of a new group-wide D&I strategy in 2021. A central element of the new D&I strategy lies in the promotion of women in management positions. To achieve a more gender balanced ratio in the company's executive ranks, new five-year targets for women at both executive levels below the MAHLE Management Board were set: Our new goal is to increase the proportion of women to 10% on the First Executive Level and to 15% on the Second Executive Level globally by 30 June 2027. A mix of various HR measures, such as a more targeted focus on female successors in case of replacements, development and recruiting, female empowerment programs as well as a range of flexibility offers will contribute to reaching these goals. To monitor our efforts, we introduced a D&I Dashboard as a global management tool for key D&I indicators which in particular focusses on the achievement of our targets for female leaders.

Fair pay and voluntary benefits

With regard to working conditions, we have implemented different organizational measures to meet the applicable statutory regulations and any rules connected with labor agreements at our locations. We strive to ensure that our employees are remunerated fairly and in line with market conditions. Therefore, we recently implemented new best practice global bonus schemes for both our executives and managers. The new consistent schemes ensure that remuneration is determined by the requirements of the transformation. In addition to the benefits provided under the law and in labor agreements, we also offer notable supplementary benefits at many locations. For example, in Germany, employees can benefit from an attractive, company-funded pension scheme.

Moreover, MAHLE increasingly provides additional health care and insurance benefits. For example, we offer an annual health check and an employee assistance program to the entire workforce in China and best practice health insurances in both the United States and South America.

Eliminating pay gaps

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

Health care and advice

The health and safety of all employees remained a top priority in the third year of the Corona pandemic. Over the past two years, a successful hybrid model of mobile working and presence has been implemented in many workplaces. Over 90% of administrative employees have the opportunity and equipment to work from a home office. At Omicron Wave, too, we have been able to prevent infections within the company as much as possible and always ensure productivity for our customers, thanks to a clear testing strategy and well-considered action on the part of each individual. Local workplace vaccination campaigns in the autumn with an Omicron-adapted COVID-19 vaccine, combined with a flu vaccination offer, enabled MAHLE to make great strides back towards normal operations. Due to the worldwide decline in new infections, the increasing number of vaccinated people and the milder course of the virus, MAHLE was able to dissolve the central Corona crisis team at the end of 2022 after very successful work over the past three years. The need to adapt to changing working conditions will continue to accompany us, which is why we are jointly developing needs-based measures, to improve the well-being and job satisfaction of our employees. This includes a wide range of on-site support and counselling services for our employees. There is an increasing focus on issues such as resilience and mental health, without neglecting regular physical exercise. After all, everyone should look after their own health as part of self-care.

Occupational Health and Safety

According to the guiding principle formulated by our company founders, our core responsibility is the well-being of our employees. Beginning 2022, the Corona crisis remained an ongoing concern, but slowly became less a concern than in the years before. With the transition back to pre-pandemic working conditions, we intensified our efforts to make workplaces safer step by step. Therefore, we proactively tackle occupational safety across the Group and raise awareness among our employees to keep occupational risks to a minimum.

Principles of safety at work

Our global guidelines for sustainable occupational health & safety, environmental and climate protection provides a framework for a consistent occupational health and safety management throughout the whole Group. The following three basic Safety at Work rules act as a simple guide for our employees:

1. Safety First: Safety takes top priority. Risks are not accepted.
2. I Care—We Care: We are all responsible: for ourselves and for others.
3. Walk the Talk: Safety is not something we just talk about —it must also be reflected in our actions.

In the MAHLE Business Code, we pledge that we will act in accordance with the applicable standards regarding health, safety at work and environmental protection. Regular training sessions and instructions are designed to prevent accidents and minimize risks. All this shall help to achieve the Sustainable Development Goal (SDGs) Good Health and Wellbeing (SDG 3).



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



In 2022, 103 of our locations were certified in accordance with ISO 45001.

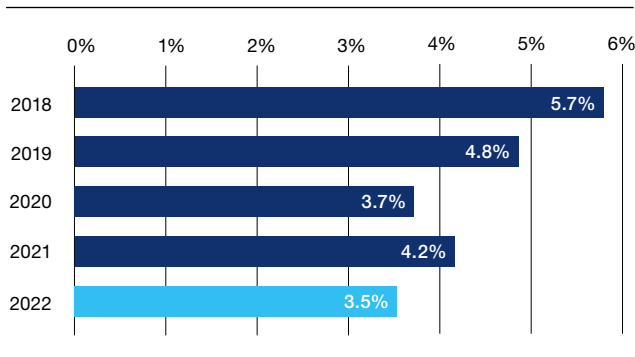
In 2022, 103 of our locations were certified in accordance with ISO 45001. We are continuing to work toward our goal of having more MAHLE plants certified to ISO 45001 by end of 2023.

ISO 45001 certified locations 2022	
Europe	48
North America	11
South America	7
Asia/Pacific	37
Total	103

Our objective: to reduce the accident rate

To bring about a continuous reduction in the occurrence of accidents, MAHLE works with individual target agreements in the plants. Accidents were recorded if they caused at least one day of absence, restrictions in work activity, or transfers to other workplaces. After an increase of the accident rate in 2021 (4.2) we achieved to change back to the positive trend from 2020 with an accident rate of 3.5.

Development of accident rates globally*



*Only figures for 2021-2022 included in PwC assurance scope

Our activities to improve occupational health and safety can be grouped in three main safety initiatives:

1. Safety culture
2. Machine safety
3. HSE support and internal auditing.

As part of our Group-wide initiative on safety at work MAHLE initiated regional training programs to improve the leadership culture and to intensify existing global and regional safety culture programs. In the program, we emphasize that safety takes absolute priority at MAHLE and that managers have a special responsibility to ensure safety at the workplace. To increase awareness a dedicated training to address managers safety responsibilities has been rolled out in Germany.

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

To address technical reasons for accidents like inadequate protective devices or insufficient work instructions, MAHLE focused on regional improvements of machine acceptance and lock-out-tagout procedures.

Furthermore, a project was started to develop a global Machine Safety Guideline. This guideline will be the international MAHLE standard worldwide to improve machine safety and to reduce accidents with technical causes. Parallel a training program has been started to increase machine safety knowledge in our HSE community.

In addition, we continued or reactivated regular safety observation tours (SOTs) by managers and the audit program of our HSE experts at our sites where COVID prevention measures prevented them from being conducted on a regular basis. This helps to overcome the past two years with less effective remote audits because of COVID restrictions.



Awareness program 'Embrace Safety' in Murtede

The Awareness Program 'Embrace Safety' of the MAHLE plant in Murtede dedicated each month of 2022 to a different 'Safety HOTSPOT'. For each hot-spot, several information was displayed in a central outdoor safety billboard and some activities were planned during the month with the participation of the workers. The safety billboard included a counter of 'days with no accidents' and some milestones were defined to be celebrated if reached. The plant Murtede has celebrated 100 and 200 days without accidents at work with lost days. The program included other activities, such as training for supervisors and implementation of monthly safety lunches with plant top management and randomly chosen workers. Ultimately, the Murtede plant was able to reduce the number of lost time accidents from 11 in 2021 to 3 in 2022.



Dealing with incidents

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

indirectly affected by the impact of an incident, we would inform them at the earliest opportunity.

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

Sustainability in the Supply Chain

Compliance and sustainable action as defined in our Supplier Code of Conduct are prerequisites for our suppliers in the MAHLE supplier panel. The MAHLE Integrity Platform allows suppliers and other parties to register violations of our code of conduct or laws.

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

Supplier management

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

The MAHLE supplier network

Our network comprises around 7,000 direct suppliers for our production materials alone. The most important supplier countries by volume are China, the United States and Germany. We procure raw materials, semi-finished products, and prefabricated items, ranging from simple plastic parts to complex mechatronic assemblies. In the automotive industry it is important to

fulfill global quality standards for our products. This and maintaining competitiveness require us to source materials from global supply markets.

Sustainable Purchasing

In view of the complexity of our supply chain, in recent years we took measures to harmonize our sustainability activities across the Group. For example, we created a function in strategic purchasing taking care of sustainability in the supply chain. Our internal platform, the Purchasing Academy, provides key sustainability information to our buyers. In addition, we offer online training sessions for our buyers to better understand and actively discuss the recent challenges in regard to sustainability, environmental and human rights protection.

A Sustainable Purchasing Policy has been introduced to underline our own sustainability expectations and aspiration in our purchasing organization. The policy provides guidance to our buyers and also refers to our grievance mechanism in case of violations.

The Supplier Code of Conduct

It is our goal to ensure basic human rights within our global supply chains, to avoid for instance child labor, inadequate labor law protection, exploitation, and discrimination. MAHLE not only opposes such violations but proactively practices and stands up for fairness and responsibility. These values not merely determine how we deal with each other, and work together, but also apply to our relationships with customers, suppliers and other business partners.

With our Supplier Code of Conduct⁷, we expect our suppliers to act in accordance with ethical requirements as laid out in statutory provisions and ethical principles.

The Supplier Code of Conduct was updated in 2022 to comply with increased expectations and regulatory demands like the German Supply Chain Act. The Supply Chain Act aims to protect human rights, but also covers environmental protection, where environmental risks could give rise to human rights violations.

MAHLE suppliers have to accept our Supplier Code of Conduct and are expected to enforce our guidelines in their own supply chain. It contains requirements in the following areas:

- Human rights: prohibition of forced or child labor as well as slavery or human trafficking, protection of local communities and indigenous peoples, 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: Reduction of greenhouse gas emissions, material compliance (e.g., REACH, RoHS)
- Exclusion of conflict minerals use
- Whistle-blower platform for reporting violations against these requirements.

Furthermore, MAHLE has adjusted the existing web-based whistle-blower system (Integrity Platform) so that any partner in the supply chain or any other stakeholder can report violations of these requirements to MAHLE.

We provide supplementary information on our procurement and supplier management in the MAHLE Supplier Guideline. It 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 fulfilment of diversity criteria and the inclusion of minorities in their workforce.

Supplier registration, assessment and approval

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

When registering new suppliers, we request to provide their valid certifications via the supplier portal. These may include among others IATF 16949, ISO 9001 and 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 utilizing more than 75 indicators in different areas, ranging from key financial figures to location indicators and figures relating to environmental or social aspects. The continuous monitoring means our purchasers receive an early warning of any increased risk, enabling us to promptly respond with the appropriate countermeasures. The risk management tool currently monitors more than 80% of our expenditure in this area.

Additionally, we carry out sustainability assessments based on our yearly risk analysis. Sustainability rating plays an essential role in the definition of our supplier panel e.g., when approving new suppliers or during the contract awarding process. In addition to the supplier's sustainability rating (including human rights and environmental aspects), financial stability and other governance criteria are also considered in our supplier nominations.

In the event of a clear violation of our code of conduct, we urge the supplier to remedy the problem. Ultimately, we would remove the supplier from our supplier panel. We report serious compli-

⁷ www.mahle.com/en/purchasing/general-guidelines-for-suppliers/

ance 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.

Current initiatives

MAHLE is an active member of the Automotive Industry Dialogue of the VDA and joined the Sustainability in the Supply Chain working group to ensure compliance with statutory provisions and ethical, social, and environmental principles in the industry.

With our membership in the Responsible Supply Chain Initiative (RSCI), we are taking another step towards improving sustainability in the supply chain. The initiative enables us to have a much closer insight in sustainability topics by conducting social on-site audits on behalf of its members.

With our participation in the 'Easy on the Planet' program of the Lyreco Advantage company, MAHLE was able to increase the sustainable purchase of office materials significantly and therefore contributed to the planting of new trees.

Conflict minerals regulations

In 2022, we formalized our ambition regarding conflict minerals. The newly implemented MAHLE Conflict Raw Materials Guideline describes MAHLE's ambition and expectations to neither directly nor indirectly procure raw materials or minerals that are mined under conditions in which armed conflicts and human rights violations take place. The guideline is published with other purchasing documents and is now integral part of our purchasing conditions.

In addition to that we improve our internal processes to increase transparency and the quality of supplier responses by specifying our expectations. Our process is based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. All affected suppliers must provide an official Conflict Mineral Reporting Template (CMRT) and Extended Minerals Report Template (EMRT) to MAHLE. In cases of non-compliance with our due diligence red flags, an escalation process will be started. Red flags are for

example the origin from high-risk regions, incomplete supplier responses or non-certified smelters.

The annual CMRT campaigns have been expanded and now include cobalt and mica, a group of 37 types of silicate minerals, to meet increasing external requirements.

Human Rights

As a foundation-owned company, MAHLE has always had a sense for social responsibility. This is reflected by the strategic topic Human Rights connecting different initiatives throughout our business activities.

At a glance

- **Protection of human rights are a cross-cutting responsibility for MAHLE.**
- **MAHLE has released ‘Principles of Social Responsibility’.**

We believe that upholding human rights, combating child, and forced labor and respecting employees’ freedom of association are self-evident principles. At MAHLE, we have set up a cross-functional working group on human rights including representatives from HR, Purchasing, Sustainability & HSE, Compliance and Risk Management. The working group meets bi-monthly and initiates actions to perform human rights due diligence. This contributes to the Sustainable Development Goal Decent Work and Economic Growth (SDG 8).



In 2022, focus of the working group was to prepare for the implementation of the requirements of the Supply Chain Act which came into force on January 01, 2023. Actions in 2023 will comprise a risk assessment of MAHLE’s own operations in terms of human rights, extending MAHLE’s Integrity Platform and training of employees and suppliers. Oversight of our human rights strategy and actions remains with the Steering Committee Sustainability.

Due to the high importance of social responsibility for MAHLE the ‘Principles of Social Responsibility in the MAHLE Group’ were introduced in December 2022. The principles provide for mandatory high standards regarding human rights including

the rejection of forced and child labor, working conditions and cooperation with employees and their representation bodies in accordance with the relevant International Labor Organization (ILO) conventions. These principles must be observed within the MAHLE Group and in MAHLE’s supply chain.

In addition, 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 an 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.

Responsible Corporate Governance

The MAHLE risk management system

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

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

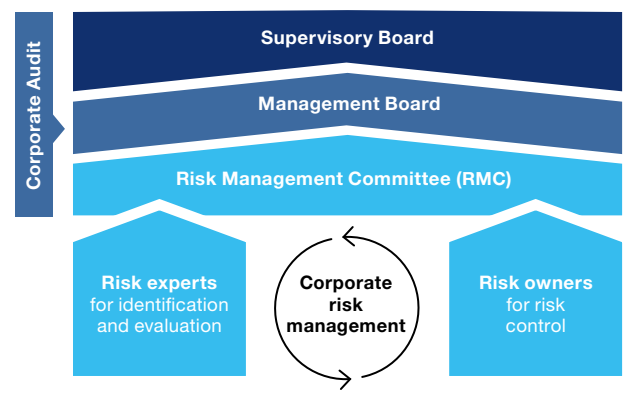
The Group Risk Manager is responsible for the practical implementation of the risk management system and summarizes the top risks, including countermeasures and risk controlling instruments in the Annual Group Risk Management Report. This report must be approved by the complete MAHLE Management Board.

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

The relevant risks and opportunities identified in connection with the environmental aspects include mainly new regulatory emission reduction targets and the increasing environmental awareness in the markets as especially the automotive industry is facing a transformation due to stricter emissions regulations and electrification:

- MAHLE, with a large portfolio of emission-relevant segments like combustion engine components, may experience reductions in demand for these components, resulting in decreasing sales within the affected products. We see opportunities in the efficiency increase of our components and expansion of our portfolio of electric drives and auxiliary components.
- Furthermore as MAHLE maintains production, administration and distribution sites in various countries worldwide, MAHLE faces a variety of potential environmental risks. We regularly monitor these risks (e.g. fire and other natural hazard risks) and continuously reduce these by following a long-term strategy. This helps us avoid material damage to our facilities and consequential damage such as air and water pollution, as well as economically negative impacts on our supply chains.

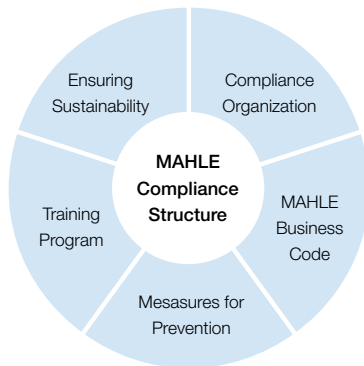
Schematic diagram of risk management at MAHLE



Our compliance management system

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

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



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

the Human Resources (HR) department deals with compliance risks relating to social concerns.

MAHLE Business Code

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

The MAHLE Business Code was updated in November 2022 due to a change of the MAHLE Group's management board and environmental issues. New employees receive a copy with their orientation documents. In addition, members of the MAHLE Management Board, members of the MAHLE Management Committee and executives are required to make a written commitment to comply with the contents of the MAHLE Business Code and ensure that it is observed within their scope of responsibility.

Compliance organization

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

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

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

The Corporate Compliance Office implements preventive measures such as trainings and communication activities relating to antitrust law and corruption prevention. Additionally, it handles reports of compliance violations, evaluates them, and passes them on to the appropriate bodies. The Corporate Compliance Office is attached to the Corporate Legal department. For the planning of internal compliance audits, it consults with the Corporate Internal Audit department, which then undertakes the compliance audits. The Corporate Compliance Office is supported by the Regional Compliance Offices, which are available to support employees in their region with compliance queries and reports of violations and implements any necessary compliance measures at a local level.

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

Management of compliance violations

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

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

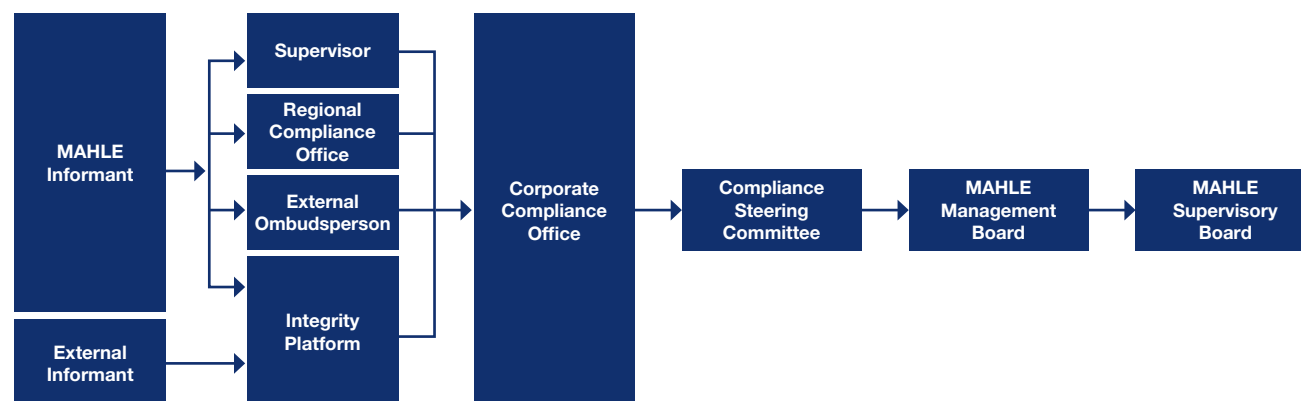
In 2022, 86 compliance violations were reported worldwide. The Corporate Compliance Office classifies the received reports in categories according to the MAHLE Group Compliance Organization Guideline. 10 serious or significant reports were investigated by Corporate Internal Audit, 70 were forwarded to the respective department, 3 were not taken account of due to lack of information and 3 were in the pre-assessment.

In the event of serious compliance violations or an increased need for confidentiality, employees can contact the external ombudspersons responsible for their region. Alternatively, the web-based whistleblower system Integrity Platform can be used— anonymously, if desired. The Integrity Platform is available to all employees and to external parties on the MAHLE website⁸.

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.

The MAHLE compliance organization



⁸ EQS Integrity Line (<https://mahle.integrityplatform.org>)

Prevention of corruption and antitrust law

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

Prevention of corruption

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

Further provisions with respect to the approval of processes and/or business transactions can be found in our Approval and Signature Guideline. It also defines the dual control principle and which processes/ business transactions need to be approved by which management level. It is therefore another tool that helps us to avoid corruption.

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

Antitrust law

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

Training on prevention of corruption and antitrust law

To prevent violations of laws and internal company rules from

the outset, we organize regular web-based compliance trainings, covering the topics of antitrust law and prevention of corruption. The trainings are mandatory for all members of the MAHLE Management Board and MAHLE Management Committee as well as for executives and employees in risk-exposed areas, such as purchasing and sales. In addition, employees have the option of voluntarily following the training programs. Refresher trainings for the target groups take place every two years. Due to the implementation of our new E-Learning system 'Success Factors' the total amount of nominated employees has been split in two waves:

The first wave was nominated at the end of Q3 2022 in our current system 'Learning@MAHLE', which partly contained Europe/South Africa⁹ and Asia¹⁰. The web-based training was rolled out to 398 employees, with 88% passing by the end of 2022.

The second wave took place in Q1 2023 via Success Factors¹¹.

Compliance@MAHLE

To raise awareness, we implemented a web-based 'compliance@MAHLE' training. The training is compulsory for all employees worldwide with a MAHLE email account, irrespective of seniority. The content of the training includes general aspects of compliance as well as MAHLE's specific compliance training. Moreover, it provides training on compliance in a wide variety of matters, including occupational health, safety and environmental protection, anti-corruption, antitrust, data protection and export control. The goal is to show how to avoid compliance violations and thus avert the risk of negative consequences. In 2022, 25,741 employees participated.

Region	Total (nominated)	Coverage (training completed)
Europe/South Africa	14,878	91%
North America	4,211	90%
South America	1,941	91%
Asia/Pacific	7,345	91%
Total	28,375	90%

⁹ Czech Republic, France, Germany, Hungary, Italy, Portugal, Russia, Slovakia, South Africa, Turkey, United Kingdom

¹⁰ India, Japan, Korea, Singapore, Thailand

¹¹ Argentina, Austria, Brazil, Canada, Mexico, Poland, Romania, Slovenia, Spain, USA

Data protection

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

Our data privacy organization

The Corporate Data Privacy department consists of the department management and a team of experienced data privacy specialists. An external Corporate Data Protection Officer reports directly to our MAHLE Group Management. This ensures separation between the independently acting Corporate Data Protection Officer and Corporate Data Privacy Management. Our data protection organization currently comprises 30 National Data Protection coordinators worldwide and 123 Data

Protection Coordinators, who act as the first point of contact in the country respective on site. These specially trained coordinators are the link between the employees and the Corporate Data Privacy.

We implemented a uniform Group-wide Data Protection Management System in 2020. The rollout within the European Union was finalized in 2021 and the global rollout on a risk-based approach started in 2022. Additionally, a mandatory web-based training for data protection was rolled out worldwide.

In 2022, audits were conducted supported by a risk-based approach to ensure a proper implementation of the Data Protection System.

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

Sustainable Innovations

As a forward-thinking development partner to the automotive industry, the MAHLE Group offers its customers complete systems from a range of cutting-edge products. For us, sustainability begins in the research and development phase. With our innovative solutions and our versatile product portfolio, we are making our contribution to environmental and climate protection. Our innovative strength has been the foundation of our success for 100 years. Even in difficult times, we maintain our level of investment in research and development.

Sustainable mobility

At a glance

- **MAHLE expects a significant increase of electric and hybrid vehicles in the future**
- **MAHLE focuses on electric, thermal and efficient internal combustion engine solutions.**

There is no question that the mobility sector has to make its contribution to climate protection, and it is our goal to become carbon neutral by 2040. However, the dynamics in our sector have probably never been as high and the overall global picture of powertrain development as complex as it is today. This applies to passenger cars, but also to the commercial vehicle sector.

MAHLE is expecting a significant increase in the variety of drives both in the passenger cars and in the commercial vehicles. According to our market development expectations, the global share of battery electric vehicles, fuel cell and hybrid engine solutions is set to increase significantly. In passenger cars the just over 10% market share of today could rise to around 70% in 2035 while until then around 30 percent of all commercial vehicles worldwide could be purely electric with batteries or fuel cells – in each case based on newly produced vehicles.

The outlook leads to the following market implications for the corporate strategy MAHLE 2030+.

The future of mobility is electric or hybrid. New vehicles will largely be powered by electric drives, regardless of the energy source.

System expertise is an essential key to success here. Automotive suppliers are striving for end-to-end system expertise with integrated solutions, which can reduce both complexity and costs. Automobile manufacturers are designing large cross-model vehicle platforms and need strong powertrain suppliers who can take on a larger portion of the value chain. In emerging markets, the market for combustion engine vehicles is expected to continue to grow, especially in India and South America. Hydrogen and alternative fuels are an important supplement when it comes to decarbonizing applications like commercial vehicles or agricultural and construction machinery. Based on the market implications and our vision 'We Share Future Mobility' and our mission 'Efficiency in Motion', MAHLE is working on the climate-neutral mobility of tomorrow with the aim of further expanding its position as a leading systems supplier in three strategic areas that contribute to the Sustainable Development Goals (SDGs) 'Industry Innovation and Infrastructure' (SDG 9) and 'Responsible Production and Consumption' (SDG12).



In the area of electrification, MAHLE focuses on innovations in the field of electric drive, components for fuel cells and batteries, as well as electric charging and associated solutions that enable e-mobility with maximum efficiency through cutting-edge technology. In this respect, MAHLE is precisely addressing those topics that are currently still posing challenges for our customers: Cruising range, performance, and fast-charging capability. The

areas of application are vehicles of all kinds—from e-bikes and e-scooters to passenger cars and delivery vans to heavy-duty commercial vehicles, off-road and industrial applications.

The second strategic core area is Thermal Management—the vehicle’s heating and cooling. The aim here is to achieve energy efficiency and cabin comfort for sustainable mobility. MAHLE uses its in-depth expertise in the areas of powertrain, electronics, battery and in the passenger compartment to offer highly efficient and at the same time cost-optimized system architectures for all drive types and vehicle classes via a modular system approach.

In addition, MAHLE will continue to be an important competitive market player in combustion engine drives with superior products, lean cost structures, and long-standing relationships built on customer trust. If there is demand for combustion engines on the international markets, we can offer components for highly efficient engines that can also run-on e-fuels, hydrogen, or other sustainable fuels. We advocate competition for innovations and technologies to make the transport of people and goods globally climate neutral.

The entire automotive industry is changing, and the pace of technological transformation has increased. This applies above all to the advance of electromobility: Many of our customers are adjusting their plans accordingly. So do we. We support the transport sector’s contribution to climate protection with a technology-neutral view of customers and markets and have developed technologies for all forms of drivetrains.

Sustainable innovation

SCT E-Motor

With the SCT e-motor (Superior Continuous Torque), MAHLE 2022 presented a motor that can work continually with high performance and, per customer demand, can also be built without the use of rare earths. The new development is suitable for passenger cars, commercial vehicles, construction machinery and tractors. This makes MAHLE a full-range supplier in the field of electric drives and covers all needs from e-scooters to heavy commercial vehicles, off-road and industrial applications. This resilience of the new SCT electric motor is achieved using an innovative integrated

oil cooling system. The extremely compact design results in material cost and weight advantages in addition to performance.



Thermal Management

Thermal Management – heating and cooling in the vehicle – is of particular and overarching importance in the development of efficient and CO₂e-neutral drives. Its complexity and the demands on its performance increase significantly in battery electric drives and fuel cell systems. Electric motors, batteries, power electronics, inverters, transmissions — in electric vehicles, the number of components that require cooling is quite high. Accordingly, we also have a relatively high amount of heat here that the cooling system has to absorb. And heat is energy — we have to use it carefully in e-vehicles, otherwise we immediately lose cruising range. That is why we collect it where it is created and bring it to where it is needed.



In addition to the demand for efficiency, there is also the challenge with e-vehicles that components such as the battery require a very narrow temperature window. Otherwise, the performance and service life will suffer — or there will even be immediate material damage. Incidentally, this also applies to the electric motor and the power electronics.

As a result, the classic cooling system is no longer sufficient. Coupling the battery with the refrigerant circuit of the air conditioning system is necessary. With the fuel cell vehicle, things get even more intense and Thermal Management is also becoming a key technology. With a view to the increasing diversification in the drive mix in commercial vehicles, MAHLE presented a modular structure of the Thermal Management system at the IAA. This means that the ideal system architecture can be developed for every application and every vehicle and the large number of individual driving profiles and vehicle classes in the

commercial vehicle sector can be covered - with high efficiency and at optimized costs.

Clean maritime solutions

At the SMM trade fair for the maritime industry in Hamburg, MAHLE 2022 presented Thermal Management solutions for the fuel cell periphery of electrically powered watercraft of all classes. With these products MAHLE enables the use of hydrogen in the maritime sector, which is one technology that can cut maritime emissions – especially if hydrogen is produced in a climate neutral manner.

Hydrogen Combustion

In addition to the fuel cell, the use of hydrogen as a combustion fuel has the potential to make many heavy-duty and off-highway applications CO₂e-neutral particularly quickly. Hydrogen engines are ideal for high load cycles with sudden load steps and





are insensitive to heat, contamination, and vibration. At the IAA, MAHLE presented a new power cell unit for the first time – a system consisting of pistons, piston rings, connecting rods, pins and liners – as well as a high-pressure impactor for scavenging the crankcase. This means that hydrogen can be used highly efficiently and safely in combustion engines with a long service life.

Climate-friendly micromobility

At the MAHLE location in Šempeter pri Gorici, Slovenia, production of the new X20 traction motor for e-bikes started successfully in 2022. The first deliveries to customers have already taken place. The new product was developed by MAHLE Smartbike Systems in Palencia/Spain and contributes to climate-friendly micro mobility by bringing an extremely performant and light-weight e-bike drive into the market. Its weight and performance are an incentive for the end user to switch from cars to e-bikes whenever possible.



Quality and product responsibility

Our success is based on quality. Innovative, defect-free, and reliable products and systems are at the heart of this. That is why quality targets are core elements of our annual business plan. We define them from the top down, flesh them out from the bottom up, and consolidate them across the operational business areas. In addition, a Group-wide quality management system has been used in all our business processes for many years now. This system is based on ISO 9001 and is coordinated and controlled by the Corporate Quality department. Responsible persons at the sites ensure operational implementation there. All our development locations are certified according to the ISO 9001 standard. All sites that manufacture vehicle components are certified to the IATF 16949 standard. This was issued by the International Automotive Task Force (IATF) and is based on ISO 9001.



All our development locations are certified according to the ISO 9001 standard. All sites that manufacture vehicle components are certified to the IATF 16949 standard.

Malfunctions can have serious consequences in the case of safety-related components for automobiles. We therefore assume responsibility for the safety of our products throughout their planned life cycle by defining their function description for customers. This is something we take into consideration right from the product development stage. If, despite all these precautions, a product recall becomes necessary, MAHLE works in close coordination with its customers and the relevant supervisory authorities. An ad hoc reporting chain is used to inform the business unit's leadership and the MAHLE Management Board.

Customer complaints in the automotive segment fell by 7% in 2022 compared with the previous year. We were able to further reduce the number of faulty delivered parts in the year under review. Furthermore, the quality of our products was again acknowledged by more than 80 customers in the 2022 business year.

Sustainable Finance

Finance is crucial for ambitious sustainability targets like the Paris Agreement, the transition to a circular economy and the transformation of the transportation sector. The finance sector changes rapidly and acknowledges risks and opportunities more and more in its investment decisions. At the same time, new requirements like the EU taxonomy delegated acts impose additional reporting requirements. MAHLE aims to become a proactive participant in the evolving market segment of sustainable finance.

At a glance

- **MAHLE started to develop a Sustainable Finance Framework to lay a foundation for participation in the evolving sustainable finance market.**
- **MAHLE adapts financial reporting processes to be future proof for European Taxonomy regulations.**

The most recent topic of MAHLE's sustainability strategy is Sustainable Finance. MAHLE launched a project in 2022 involving various departments to develop a sustainable finance framework. The framework is designed to comply with the guidelines of the International Capital Market Association (ICMA) and the Loan Market Association (LMA).

MAHLE plans to invest in projects that have a positive impact on the environment and thus, help to achieve the goals of the Paris Agreement as well as the UN Sustainable Development Goals. MAHLE aims to adapt its financing strategy suitable to its mission by the issuance of sustainable finance instruments. In addition, the framework enables MAHLE to diversify its investor base and broaden it with existing investors. The framework shows MAHLE's ambition to issue sustainable finance instruments which:

- finance and/or refinance projects that comply with MAHLE's core businesses and sustainability strategy, and
- are linked to the achievement of specific sustainability goals.

In addition to that, MAHLE started to prepare for the EU taxonomy regulation which will oblige the company to report on the share of turnover, capital and operational expenditure linked to sustainable economic activities from 2025 onwards. Apart from intensive monitoring of the political process and participation in industry working groups, MAHLE focuses to adapt internal reporting processes to fully meet the sustainable finance requirement of internal and external stakeholders as well as the EU taxonomy.

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. The initiatives are described in detail in the MAHLE FOUNDATION's Annual Report.



mahle-stiftung.de/en/downloads

PwC Auditor's Report

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

To MAHLE GmbH, Stuttgart

We have performed a limited assurance engagement on the 2022 Sustainability Report of MAHLE GmbH, Stuttgart (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Report").

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

Responsibility of the Executive Directors

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

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

Independence and Quality Control of the Audit Firm

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

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

Responsibility of the Assurance Practitioner

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

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

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

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

- Gain an understanding of the structure of the sustainability organization and the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
 - Inspection of processes for collecting, controlling, analyzing and aggregating selected data at specific sites of the Company on a sample basis, incl.
 - Physical site visit at Timișoara, Romania
 - Virtual site visits at Šempeter pri Gorici, Slovenia; Ramos Arizpe, Mexico; Nanjing, China; Mooka, Japan and Dayton, USA
- Analytical procedures on selected disclosures in the Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and the group management report
- Evaluation of the presentation of the Report
- Evaluation of CO₂ compensation certificates exclusively with regard to their existence, but not with regard to their impact.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report of the Company for the period from 1 January to 31 December 2022 are not prepared, in all material respects, in accordance with the relevant GRI-Criteria.

Restriction of Use

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

Frankfurt, 17 April 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke

ppa. Thomas Groth

Wirtschaftsprüferin
[German public auditor]

SDG Index

UN Sustainable Development Goals relevant to the MAHLE Group

SDG	Goals	2022 Status	Page
	<ul style="list-style-type: none"> ▪ Certify all production plants in accordance with ISO 45001 by 2023 ▪ Further reduce the DART accident rate, goal for 2022: 2.66 accidents/million working hours. 	<ul style="list-style-type: none"> ▪ ISO 45001: 103 locations certified ▪ DART accident rate 2022: 3.5* 	38-40
	<ul style="list-style-type: none"> ▪ 20% representation of women on Supervisory Board for employee representatives ▪ 5% for German MAHLE companies for First Executive Level, 10% representation for Second Executive Level by 2022 	<ul style="list-style-type: none"> ▪ Target of 20% representation of women on Supervisory Board for employees representatives met <ul style="list-style-type: none"> ▪ 8% on First Executive Level and ▪ 11% on Second Executive Level were reached in 2022. ▪ New targets for proportion of women were set: <ul style="list-style-type: none"> Until 2025 25% in the Supervisory Board Until 2027 29% in the Management Board until 2027 Until 2027 10% on First Executive Level and 15% on Second Executive Level ▪ Equal pay guarantee ▪ Global Diversity & Inclusion Commitment 	35-37
			
	<ul style="list-style-type: none"> ▪ Identify locations with water risks 	<ul style="list-style-type: none"> ▪ Eight locations with water risks identified ▪ Improved water reporting to CDP Water, Rating B- 	26-27
	<ul style="list-style-type: none"> ▪ Operate our own PV systems ▪ Increase energy efficiency by 2% every year 	<ul style="list-style-type: none"> ▪ Energy consumption as measured against sales: 256 MWh/1 Million € (-11% YoY) ▪ 33 locations with certified energy management system, 13 according to ISO 50001, 24 according to EMAS ▪ PV installation in Montblanc went in operation ▪ 100% use of renewable electricity in Germany and Austria 	22
	<ul style="list-style-type: none"> ▪ Ensure high quality working conditions 	<ul style="list-style-type: none"> ▪ Communication with employee representation bodies ▪ Conform with statutory regulations and offer supplementary benefits at many locations ▪ MAHLE Business Code ▪ MAHLE Guidelines on Social Responsibility released in 2022 	32, 37, 44
	<ul style="list-style-type: none"> ▪ Contribute to sustainable mobility 	<ul style="list-style-type: none"> ▪ Affirmed strategic focus on electric vehicles, thermal management and highly efficient combustion engines 	50-53
	<ul style="list-style-type: none"> ▪ Assess environmental impacts of products ▪ Increase the share of recycled content 	<ul style="list-style-type: none"> ▪ New PCF/LCA methodologies implemented ▪ 2% recycling content of resins (deceased from 5.9%) ▪ Waste as measured against sales: 17 tons/1 Million € (-6% YoY) 	24-25
	<ul style="list-style-type: none"> ▪ Become CO₂ neutral by 2040 (Scope 1 & 2) ▪ Determine scope 3 emissions ▪ Develop science-based targets 	<ul style="list-style-type: none"> ▪ Report carbon emissions to CDP, Rating B ▪ Scope 1 and 2 emissions as measured against sales: 76 kt/EUR million sales (-23% YoY) ▪ German locations set CO₂e neutral ▪ Scope 3 methodology developed, Scope 3 emissions determined and submitted to Science-Based Targets Initiative for validation together with Scope 1 and 2 emission reduction 	19-21

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

*Accidents are recorded if they caused at least one day of absence, restrictions in work activity, or transfers to other workplaces.

GRI Content Index

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

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

GRI Standard	Disclosure	Page	Omissions/explanations
GRI 2: General information 2021	2-1: Organizational details	10-11, 71	
	2-2: Entities included in the organization's sustainability reporting	6-11, AR 22	See MAHLE Annual Report 2022
	2-3: Reporting period, frequency and contact point	71	The MAHLE Sustainability Report is published annually.
	2-4: Restatements of information	n/a	No restatements were necessary.
	2-5: External assurance	56-57	The Sustainability Report 2022 has been externally assured by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. A limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) was performed.
	2-6: Activities, value chain, and other business relationships	6-11, 41-43	
	2-7: Employees	10-11, 30-32	
	2-9: Governance structure and composition	6, 14	a. The MAHLE Group b. Sustainability Management c. See Annual Report 2022"
	2-10: Nomination and selection of the highest governance body	AR 22	See Annual Report 2022
	2-11: Chair of the highest governance body	14	
	2-12: Role of the highest governance body in overseeing the management of impacts	6, 14	c. At least annual review

GRI Standard	Disclosure	Page	Omissions/explanations
	2-13: Delegation of responsibility for managing impacts	14	
	2-14: Role of the highest governance body in sustainability reporting	14	
	2-15: Conflicts of interest	AR 22	See Annual Report 2022
	2-16: Communication of critical concerns	14, 45-48	
	2-17: Collective knowledge of the highest governance body	14	
	2-18: Evaluation of the performance of the highest governance body	AR 22	See Annual Report 2022
	2-19: Remuneration policies		Confidentiality constraints
	2-20: Process to determine remuneration		Confidentiality constraints
	2-21: Annual total compensation ratio		Confidentiality constraints
	2-22: Statement on sustainable development strategy	4-5	
	2-23: Policy commitments	4-5, 19, 54	
	2-24: Embedding policy commitments	4-5, 19, 54	
	2-25: Processes to remediate negative impacts	14, 45-48	
	2-26: Mechanisms for seeking advice and raising concerns	14, 45-48	
	2-27: Compliance with laws and regulations	46-49	No more details disclosed for confidentiality reasons.
	2-28: Membership associations	17	
	2-29: Approach to stakeholder engagement	14-17	
	2-30: Collective bargaining agreements	32-33	
	3-1: Process to determine material topics	15	
	3.2: List of material topics	15	

Topic-specific standards

GRI Standard	Disclosure	Page	Omissions/explanations
Procurement Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15, 41-42	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	41-43	a., b., c. Not applicable: In the automotive industry we fulfill global standards, which means we must use global supply markets to ensure a constant product quality and supply.
Anticorruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	48	
GRI 205: Anticorruption 2016	205-1 Operations assessed for risks related to corruption	48-49	a. Confidentiality constraints: Numbers of operations assessed for corruption are not published for reasons of confidentiality.
	205-2 Communication and training about anticorruption policies and procedures	48-49	Only absolute figures are given. a., b., d. and e. Further explanation: Trainings are mandatory for members of the Management Board, members of the MAHLE Management Committee and for executives and employees in risk-exposed areas. c., we inform all our suppliers about MAHLE's binding Supplier Code of Conduct. Additionally, the Supplier Code of Conduct and the MAHLE Business Code are published on the Internet, available for all business partners and the public.
Anticompetitive Behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	48	
GRI 206: Anticompetitive Behavior	206-1 Legal actions for anticompetitive behavior, antitrust, and monopoly practices	48	a., b. Confidentiality constraints. Numbers of such legal actions are not published for reasons of confidentiality. AR 2022
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	23-24	
GRI 301: Materials 2016	301-2 Recycled input materials used	23-24	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15, 18-19, 21-22	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	22	a. From table: 'other' sources includes propane, LPG, diesel, gasoline, propane, and district heat/steam. c. ii./iii. Information unavailable: Proportion of heating vs. cooling d. Not applicable to our business f. We adhere to the GHG Protocol g. DEFRA 2021, IPCC 2006, IEA 2021
	302-3 Energy intensity	22	b. The denominator is sales d. Within the organization
	302-4 Reduction of energy consumption	22	c. Base year is 2019 d. Calculation methods as per GHG Protocol

GRI Standard	Disclosure	Page	Omissions/explanations
Water and Effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15, 26-27	
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	26-27	a. Information unavailable: Our locations are responsible for their compliance with local prescribed and legal requirements. We do not have a global minimum standard set for the quality of effluent discharge.
	303-3 Water withdrawal	26-27	a. iii. Not applicable. We do not source seawater. b., c. Information unavailable: We do not yet aggregate data on areas with water stress or by freshwater/other water.
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15, 18-21	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	20	b. All types of greenhouse gases included c. Not applicable to our industry e. Emission factors are site-specific and CO ₂ e equivalents are based on the DEFRA 2020 and IEA 2022. GWP rates correspond to IPCC Fifth Assessment Report. f. operational control
	305-2 Energy indirect (Scope 2) GHG emissions	20	e. Emission factors are site-specific and CO ₂ e equivalents are based on the DEFRA 2020 and IEA 2022. GWP rates correspond to IPCC Fifth Assessment Report.
	305-3 Other indirect (Scope 3) GHG emissions	20	
	305-4 GHG emissions intensity	20	b. The denominator is sales c. Scope 1 and Scope 2 included d. All types of greenhouse gases included, given as CO ₂ equivalents
	305-6 Emissions of ozone-depleting substances (ODS)		Information unavailable: We do not yet aggregate information on air pollutants, such as NO _x (nitrogen oxides), SO _x (sulfur oxides), or ODS (ozone-depleting substances), across the Group.
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions		

GRI Standard	Disclosure	Page	Omissions/explanations
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15, 23-25	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	25	a. i., ii. Information unavailable: We are in the process of improving our waste management approach.
	306-2 Management of significant waste-related impacts	25	b. Our plants adhere to local waste regulations and manage waste according to general ISO 14001 requirements. c. Waste data is managed in our central HSE database.
	306-3 Waste generated	25	
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	41-42	
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	42	Our processes require an environmental assessment of all new suppliers and a comprehensive database is under development.
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	28-29	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	29, 32	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	37	We are in the process of creating a Group-wide database to collect further information on some of these benefits. a. i.– iii. Information unavailable: Some locations offer sick leave and accident insurance, but this is decided on a local level. a. iv. See 401-3 a. v. Information unavailable: We offer supplementary benefits at many locations, such as a company-funded pension scheme in Germany. a. vi. There is no employee stock ownership plan at MAHLE.
	401-3 Parental leave	n/a	a. Information unavailable: In alignment with legal requirements. b. – e. Information unavailable: We are in the process of creating a Group-wide database. Information is currently only available for Germany.
Labor-Management Relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	28-29, 32	
GRI 402: Labor-Management Relations 2016	402-1 Minimum notice periods regarding operational changes	32	Information unavailable

GRI Standard	Disclosure	Page	Omissions/explanations
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15, 38-40	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	39	
	403-2 Hazard identification, risk assessment and incident investigation	38-40	<p>b. Further explanation: The processes for workers to report hazards is location specific and according to the management system. Workers can report any violations via the Integrity Platform, which ensures confidentiality and anonymity.</p> <p>c. Information unavailable: An answer on a global level cannot be given, but the regions and individual locations may have such policies.</p>
	403-4 Worker participation, consultation and communication on occupational health and safety	37-38	<p>a. Further explanation: Locations have implemented local processes for worker participation and consultation.</p> <p>b. Information unavailable: We do have safety committees (see chapter 'Working at MAHLE') but more detailed descriptions are not available due to disparities between locations.</p>
	403-5 Worker training on occupational health and safety	39	
	403-6 Promotion of worker health	37	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	38-40	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	39	<p>a. i., ii. Confidentiality constraints: Numbers and rates of fatalities and high-consequence injuries are not published for reasons of confidentiality.</p> <p>a. iv. Information unavailable: Types of injury are not yet documented in a standardized form. We are working on a centralized method of data acquisition.</p> <p>b. i.-v. Information unavailable: Data not yet recorded</p> <p>c. i.-ii. Confidentiality constraints: Work related hazards are not published for reasons of confidentiality.</p> <p>e. Rates have been calculated based on 1,000,000 hours worked.</p> <p>f. Information unavailable: Data not yet recorded</p>

GRI Standard	Disclosure	Page	Omissions/explanations
Training and Education			
GRI 3: Material Topics 2021	3-3 Management of material topics	34	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	34	Information not available
	404-2 Programs for upgrading employee skills and transition assistance programs	34	b. We offer our employees numerous transition assistance programs, such as for going into retirement.
	404-3 Percentage of employees receiving regular performance and career development reviews	34	a. Information unavailable: Our system does not yet allow for a breakdown of total employees who received a performance and career review by gender or employee category, it is only possible to do so by location. In the future performance reviews will be mapped on a different system that will allow a more detailed breakdown of evaluation criteria.
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	15, 36	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	36	
Nondiscrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	35-37, 46-47	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	35-37	a. Confidentiality constraints: Numbers of reported incidents are not published for reasons of confidentiality. b. Confidentiality constraints: Details of reported incidents are not published for reasons of confidentiality. i. – iv. 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.
Freedom of Association and Collective Bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	41	
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	41	Information unavailable: No breakdown by operations, suppliers and countries is available.

GRI Standard	Disclosure	Page	Omissions/explanations
Supplier Social Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	14-15, 41-43	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	n/a	a. Information unavailable: Further explanation: All new suppliers undertake to comply with the MAHLE Supplier Code of Conduct. We do not currently screen new suppliers against social criteria.
	414-2 Negative social impacts in the supply chain and actions taken	47	
Mobility			
GRI 3: Material Topics 2021	3-3 Management of material topics	50-52	MAHLE assessed sustainable mobility as a material topic.

Imprint/Contact

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

3st kommunikation GmbH
Taunusstraße 59–61
55118 Mainz/Germany

Picture credits

Kai R Joachim, Andreas Pohlmann, Wolfram Scheible,
Manuel Uebler, MAHLE Archiv

© 2023 MAHLE GmbH

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

www.mahle.com



MAHLE Sustainability