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Dear customers and business partners, dear readers,

This document is a premiere for the Marquardt Group: For the first time, we are publishing a sustainability report on the following pages in accordance with the criteria of the Global Reporting Initiative (GRI).

What is new for us, however, is what has increasingly become the focus of public attention in recent years under the corporate policy buzzword “Corporate Social Responsibility” (CSR): because our company founders Johannes and Johannes Marquardt were already guided by the insight that sustained economic success is only possible if social concerns are taken into account. As Swabian entrepreneurs with a strong sense of community, sustainable business practices were part of their DNA.

The shareholders of all further Marquardt generations also feel committed to the legacy of the founders and are firmly convinced that the focus of entrepreneurial activity must be on sustainable corporate development oriented towards people and the environment. We therefore reinvest profits to a high degree, for example in research and development and in the continuous training and further education of our employees. We are constantly optimizing our processes and working consistently to improve our carbon footprint. With a high level of profitability, we also create the prerequisite for being able to commit ourselves beyond business matters, for example to culture and numerous social projects.

Rather, we see that there is always something to improve and that standing still would mean taking a step backwards. And so we want to continue to be a driver of positive change and make our contribution to a future worth living in the spirit of a “good citizen”.

Marquardt’s development shows that we are on the right track: Since its founding in 1925, our company has not only survived all crises, but is now one of the world’s leading mechatronics specialists with almost 11,000 employees.

As a globally active family business, we are aware of our responsibility: for the people who work for Marquardt, for high-quality products, for society and the environment - for the big picture. We consistently align our actions with this.

We present some of our diverse activities in more detail below. At the same time, we would like to invite you, dear readers, to enter into an open dialogue with our company. We look forward to hearing your suggestions and ideas!

Dr. Harald Marquardt
Chairman of the Executive Board, Marquardt Group
COMPANY PORTRAIT

ABOUT THE MARQUARDT GROUP

Founded in 1925 the family-owned company Marquardt is one of the world’s leading manufacturers of electronic switching and operating systems. Headquarters is Rietheim-Weilheim in the district of Tuttlingen.

The products of the mechatronics specialist – including operating components, vehicle access, drive authorization and battery management systems for electric vehicles – are used by many well-known customers in the automotive industry. Marquardt systems can also be found in household appliances, industrial applications and power tools.

Sales in the 2020 financial year were around 1.2 billion euros. Every year, Marquardt invests ten percent of sales in research and development.

The company has around 10,600 employees at 20 locations on four continents. The company operates plants in Germany at the Rietheim-Weilheim, Böttlingen, Lichtershausen and Haarles sites. In addition, there are plants in Romania, northern Macedonia and Tunisia. Marquardt manufactures in the USA, Mexico, India and China.

The development sites are located in Europe (Germany, France and Romania), Asia (China and India) and North America (USA). Marquardt maintains sales offices in Great Britain and Italy, in South Korea and Japan.

DATA AND FACTS

2020

SALES IN BILLIONS OF EUROS
1.2

R&D INVESTMENT AS A PERCENTAGE OF REVENUE
10 %

EMPLOYEE
10,600

LOCATION
20

CONTINENTS
4

PRODUCTION
Germany
Romania
Northern Macedonia
Tunisia
USA
Mexico
India
China

DEVELOPMENT
Germany
France
Romania
China
India
USA

SALES OFFICES
Great Britain
Italy
South Korea
Japan
LEGAL AND OWNERSHIP

Marquardt GmbH is a wholly owned subsidiary of J. & J. Marquardt KG.

In the reporting year 2020, it directly and indirectly operated 20 sites worldwide and is a leading manufacturer of mechatronic switching and operating systems. A total of three board members manage the business of the Marquardt Group.
LIVING RESPONSIBILITY
CORPORATE MISSION STATEMENT AND STAKEHOLDER

Together, we implement our corporate mission statement through our thoughts and actions. This applies to our conduct towards our customers, employees, suppliers, the environment and the social environment as well as our company. We actively shape the future – innovatively and quality-consciously.

CUSTOMERS

Our customers are our top priority. We want to offer them greater benefits tomorrow than we do today. That is why we focus on innovation and the ongoing development of our products and services. Our goal is to maintain and expand a globally significant position with our products. The benefits for our customers are a decisive building block for our success.

EMPLOYEES

We want to shape the future together with our employees and deliver top performance. It is very important to us to promote the strengths necessary for this. We all make our contribution to the company’s success in constructive cooperation on the basis of a positive working atmosphere. Each person is responsible for his or her own work performance and quality. The courage to go new ways and the will to develop professionally and personally are the necessary prerequisites for this.

SUPPLIER

We maintain a partnership with our suppliers that leads to competitive results and higher standards. Together we develop sophisticated solutions that are reflected in the end product.

SOCIETY AND ENVIRONMENT

The social environment and the environment are important parts of our thoughts and actions. We feel committed to the laws and social standards and all contribute to fulfilling them. The preservation of an environment worth living in is an essential concern and an ongoing task for us. In addition, the further strengthening of our locations is particularly important to us.

INDEPENDENT FAMILY BUSINESS

Marquardt is an independent family business. We want to preserve this. We live the corporate values – active, innovative, quality-conscious –, realize the corporate mission statement through our behavior and all contribute to the economic success.
CODE OF CONDUCT

As an independent, globally active family-owned company with a long history and various business areas, Marquardt is aware of its responsibility: for employees, for customers and business partners, for society and the environment.

It has always been a matter of course for us that the entire Marquardt Group complies with applicable laws at all times and in all places, respects fundamental ethical values and acts sustainably. By participating in various formats (memberships, working groups, etc.) on the topic of compliance and sustainability as well as the creation of fundamental principles relating to this in the areas of human rights, labor standards, environmental protection and the fight against corruption, Marquardt has imposed binding guidelines and instructions for legally compliant behavior on itself and has made a comprehensive commitment to this. Acting responsibly at all times is our highest premise.

In times of increasing risks for the company, society and the environment, Marquardt also demands this understanding from all its suppliers and business partners. The essential contents of the Marquardt „Code of Conduct for Employees” and the „Code of Conduct for Suppliers and Business Partners” are humane working conditions, fair business conduct and corruption prevention, handling information and corporate values, quality and environmental protection, fairness and diversity, occupational health and safety.

Marquardt’s goal in terms of sustainability and compliance is to take responsibility for oneself and one’s actions.

Accordingly, we train our employees with regard to the „Code of Conduct for Employees”. Our suppliers and business partners are also sensitized by the „Code of Conduct for Suppliers and Business Partners” with regard to corporate and social responsibility as well as the economic, ecological and social effects of human actions. Marquardt expects all business partners who supply Marquardt with goods or materials or who provide services to Marquardt, and other business partners and their employees an identical sense of responsibility by committing themselves to the basic principles of the „Marquardt Code of Conduct for Suppliers and Business Partners”.

If the business partners in turn use third parties (such as subcontractors) as part of an extended business and supply relationship with Marquardt, Marquardt expects the business partners to commit to compliance with the requirements in this relationship as well. In addition, the „Code of Conduct for Suppliers and Business Partners” applies to all business partners who are in contact with our locations worldwide.

The document is available for download on our homepage in German and English language.

→ www.marquardt.com/downloads
An analysis of the corruption risks within the Marquardt Group showed that these are not above the respective industry level in any area. In 2020, there were again no incidents of corruption in which fines or penalties were imposed on Marquardt for corruption offenses.

All representatives of the controlling bodies throughout the Group were informed at management meetings and compliance jour fixes. Furthermore, our employees will be trained on the contents of our updated „Code of Conduct for Employees” in spring 2021; our suppliers were informed about our new „Code of Conduct for Suppliers and Business Partners” and asked to accept it. Furthermore, we are not aware of any cases of anti-competitive behavior or violations of antitrust and monopoly law in the 2020 reporting year.

With the help of our whistleblower system, corruption risks or compliance violations can also be reported anonymously to the Compliance department.

The whistleblower system within the Marquardt Group consisted of several instruments in the 2020 reporting year: All stakeholders have the option of contacting the central compliance e-mail address, which is managed by the General Compliance Officer at the Rietheim-Weilheim headquarters.

In addition, there is also the option of contacting the compliance manager by telephone via a central telephone number. Employees who are not familiar with German or English and prefer to communicate in their native language also have the option of contacting a Compliance Manager at the respective location directly. The Compliance Managers are also obligated to maintain confidentiality and forward the matters to the General Compliance Officer via secure data transmission. Cases are always processed at the Rietheim-Weilheim site.

If employees prefer to report cases anonymously, they can also do so via the aforementioned channels. In addition, the Marquardt Group has so-called whistleblower boxes at each location, in which employees can submit a report using a standardized form (also in their native language). The boxes are emptied regularly by the local Compliance Managers, and the reports are reviewed and subsequently processed.

As early as 2020, Marquardt started to examine the further applicability of these instruments on the basis of the EU Whistleblower Directive and to analyze alternative instruments.

For the 2020 reporting year, there were a total of 26 compliance-relevant events within the Marquardt Group that were detected via the compliance management system and processed in accordance with our internal process.
CERTIFICATIONS
OF THE
MARQUARDT GROUP

Based on our Mar-Q-U-A-rdt company policy, which can be found on our homepage, → www.marquardt.com/downloads
our sites have the following certifications:

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ISO 9001:2015 is an internationally recognized standard for the introduction, implementation and maintenance of a quality management system for an organization. IATF 16949:2016 is a quality management standard specifically for the automotive industry and complements the ISO 9001:2015 quality management standard. ISO 14001:2015 is a standard that defines environmental management requirements and provides guidance on the implementation of an environmental management system.

Requirements for an energy management system are defined in ISO 50001:2018. ISO 45001:2018 provides guidance for a management system for the safety and health of employees.

Our sites in Rietheim-Weilheim and Sibiu are expected to receive certification at the beginning of 2021.
For Marquardt, economic success has always gone hand in hand with social responsibility and cultural commitment. For example, our company founders Johannes and Johannes Marquardt set themselves the goal early on of providing special support and care for people with disabilities. They also developed voluntary forms of support for families with children, additional old-age provision and the construction of housing estates, thus setting standards for a forward-looking social partnership decades ago.

Our tradition as a prudent and responsible family business is still alive today: Marquardt supports numerous social institutions and is involved in education, sports and culture in many ways.

In 2020, shortly after the outbreak of the pandemic, Marquardt supported, among others, the district of Tuttlingen in the fight against the Corona virus.

Dr. Harald Marquardt, Chairman of the Executive Board of the Marquardt Group, presented face masks to District Administrator Stefan Bär as a donation. Because hospitals and care facilities in the region were suffering from supply bottlenecks, Marquardt also passed on several hundred thousand masks to the facilities at cost price. In the summer of 2020, the mechatronics specialist started its own production of medical protective masks. The company also produces components for vital medical equipment. At its international sites, Marquardt manufactures, among other things, switches for respirators to combat COVID-19 and hose connections that are required in special protective suits for hospital staff.

Since our international expansion, we have not remained inactive at our locations abroad and have become involved in a variety of ways.

In 2020, for example, Marquardt Romania provided financial assistance to the county hospital in Sibiu to help combat the Covid 19 pandemic.

The funds were used to purchase equipment to detect the virus and equipment for intensive care. Further support was provided by our largest site worldwide to the Red Cross and the Centre for Inclusive Education in Sibiu, as well as to the SOS Children’s Village in Romania, among others.
SUSTAINABILITY MANAGEMENT

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In the Marquardt Group, sustainability management and the definition of the sustainability strategy are the responsibility of the entire management, which implements them in the organization via a sustainability committee and by means of defined sustainability goals.

At the operational level, the CSR@Marquardt team supports the core organization with its expertise in achieving the goals. In addition, each of our sites has a CSR manager who ensures the implementation of the strategies and goals at his or her site. Regular CSR jour-fixes and team meetings are held for this purpose.
MATERIALITY ANALYSIS

In order to determine the essential content for this Marquardt Sustainability Report, we have dealt intensively with the various stakeholders of our company. For our customers, for example, the content covered by Ecovadis and NQC, as well as the resulting ratings in particular, were and are of central importance. We have not only answered the questions posed to us there, but at the same time have identified and defined the most important sustainability issues – with the aim of being able to report in the best possible way in accordance with the GRI Standards.

SUSTAINABILITY ISSUES

The most relevant sustainability fields for Marquardt are summarized in the following overview:

- Anti-corruption
- Climate protection
- Employment
- Training and education
- Child labour
- Anti-competitive behaviour
- Water and waste water
- Waste
- Diversity and opportunities
- Employee-employer relations
- Human rights assessment
- Resource conservation
- Biodiversity
- Ecological assessment of suppliers
- Health and safety at work
- Non-discrimination
- Social evaluation of suppliers
- Customer health and safety
- Data protection for customers
- Socio-economic compliance

In view of the large number of sustainability topics, we carried out a further prioritization with the help of an initial materiality analysis and first conducted an industry analysis for this purpose. This enabled us to further narrow down and shortlist the topics relevant to our company.

We then evaluated each topic from two perspectives: InsideOut and OutsideIn. In the InsideOut approach, we examined the Impact of our business activities on each sustainability issue. In the OutsideIn approach, we have analyzed the impact of each sustainability issue on the value of our company.

Our aim is to provide further data in the future on the fields of action not listed here and to continuously optimise ourselves.
The CDP (Carbon Disclosure Project) is an initiative of over 822 institutional investors who manage assets of more than USD 95 billion (2015). It is a non-profit organization whose goal is to create more transparency about climate-damaging emissions and the corresponding strategies of companies.

Each year, the CDP asks companies to provide data and information on climate protection on behalf of its investors. This relates in particular to management’s assessment of climate change and its impact on the company, the systematic recording of CO₂ emissions and management’s strategies for reducing these emissions. The reports thus provide information on the current status and efforts of the company in the areas of climate change and water security.

For the years 2014 and 2015, we participated in the CDP’s comprehensive questionnaire in the category „Supply Chain“. Since 2018, we have been answering the questionnaires in the categories „Climate Change“ and „Water Security“. This is associated with a ranking of our company, which can be viewed by our customers via CDP. In the last assessment, which was published in 2020, Marquardt achieved the CDP grade „D“ in the categories „Climate Change“ and „Water Security“ in the industry group automotive suppliers.

As far as our results are concerned, we intend to intensify our activities in the areas of climate change and water security and to further optimize our CDP rating.

Since 2017, we have been registered on the Ecovadis platform and, since 2019, also on the NQC platform of the service provider NQC Ltd. and answer their questionnaires in order to provide our customers with various sustainability information. The CSR assessment by Ecovadis analysts serves to evaluate the material impact of companies on CSR-relevant areas on the basis of documents and evidence. The focus is therefore on questions that cover social, environmental and economic issues.

In 2020, we received a rating of 46 percent for our commitment to environmental protection, respect for human rights, and responsible sourcing in the supply chain. This puts Marquardt among the top 50 percent of companies evaluated by Ecovadis analysts.

With regard to NQC, we answered the respective SAQ (Self Assessment Questionnaire) for each Marquardt site and received a so-called „SRating“ for each site, which is accordingly relevant for our customers. The SAQ questionnaire, which is regularly updated by NQC in cooperation with ten automotive OEMs, is particularly relevant for suppliers in the automotive industry. It is part of an industry-wide long-term strategy and is intended to successively improve the sustainability performance of suppliers.

The Ecovadis, NQC and CDP platforms aim to optimise sustainability assessment by identifying shortcomings that can then be successively addressed through action plans.
SUSTAINABLE PROCUREMENT

As a globally active family-owned company, Marquardt is active in many countries around the world and has relationships with numerous suppliers and business partners. We therefore also see ourselves as having a responsibility beyond our factory gates and consistently ensure compliance with environmental protection criteria and human rights.

For us at Marquardt, the protection of the environment – even beyond the certifications we have received – is a responsibility that we take on permanently and as comprehensively as possible. This includes ensuring the best possible environmental compatibility and sustainability of our products. We cannot achieve this goal alone, but only together with our business partners. We therefore expect our suppliers to ensure compliance with environmental protection laws and recognized environmental regulations, to always use ecologically compatible materials and technologies in accordance with the current state of the art, and to make a sustainable contribution to reducing energy consumption, waste and CO₂ emissions.

When selecting new suppliers, it is a prerequisite that they meet certain ecological criteria that correspond to our defined environmental and energy standards. For example, we also ask these business partners whether they have environmental certification in accordance with ISO 14001 and/or energy management standards in accordance with ISO 50001. In the case of defined business partners, we ensure that they always have the currently valid certificates in accordance with ISO 14001 and/or ISO 50001.

Marquardt respects, protects and promotes the applicable and internationally accepted laws and regulations for the protection of human and children’s rights as fundamental and universally applicable requirements wherever influence can be exerted within and by Marquardt. The Marquardt Group therefore ensures at all locations and within its spheres of influence that any form and use of child, forced and compulsory labor is excluded and that Marquardt is not complicit in human rights violations.

To the best of our knowledge, none of our suppliers tolerate child labour or hazardous working conditions. Accordingly, to the best of our knowledge and belief, we work exclusively with suppliers who do not practice forced labor with their employees. When selecting new suppliers, we also check compliance with social criteria, which include, for example, occupational health and safety certification in accordance with ISO 45001.
MARQUARDT FAMILY
The Marquardt Group is represented on four continents of the world and employed around 10,600 people at twenty locations at the end of 2020.

At the headquarters in Rietheim-Weilheim alone, employees from over 40 different nations are employed.

We see this diversity as an opportunity to learn something new from each other every day and to improve ourselves.

Added to this is our internationally organized cooperation, which includes customers and business partners from a wide range of countries. An integrated, holistic way of thinking and acting is therefore of fundamental importance at Marquardt.

Diversity is also reflected in the promotion and further development of all employees – regardless of age and gender.

The following table provides an insight into the new employees at Marquardt by region.
SAFETY AT THE WORKPLACE

Marquardt is aware of its responsibility for the safety and health of its employees and takes this very seriously. In this respect, Marquardt ensures the protection of its employees within the framework of the applicable regulations and on the basis of the company’s own health and safety policy. By improving the working conditions and maintaining and promoting the health, performance and job satisfaction of our employees through a variety of preventive and health promotion measures.

At our headquarters in Rietheim-Weilheim and at our site in Sibiu (Romania), we have implemented the structures and measures to obtain certification for an occupational safety and health management system in accordance with ISO 45001, which we expect to receive at the beginning of 2021. Upon joining the company, all employees are trained in occupational safety, health and safety, risk assessment and health management. Our goal is to prevent occupational accidents in production and administration. In order to achieve this, we carry out risk assessments and instructions on risk assessment. To this end, we use the system of a classic risk assessment, which is divided into seven steps and enables us to identify work-related hazards and assess risks. In addition, suitable protective measures are defined, implemented and instructed so that every employee is informed about how to behave in dangerous situations.

In training courses, we inform our workforce how to report work-related hazards and how to escape from dangerous work situations. Furthermore, there are annual instructions on how to proceed in the event of accidents on the way to or from work, how to report such accidents and how to prevent accidents at work. In addition, there is an instruction that defines the processes of occupational health care and preventive occupational medicine, which contribute to the identification and elimination of hazards and the minimization of risks.

With regard to the communication of relevant information on occupational health and safety to employees, all relevant topics are listed in a separate instruction on responsibility and communication in the area of environment, health and safety (EH&S). The contents are defined by the management and apply to all employees.

In addition, Marquardt has an employee committee for occupational safety and health protection at all German sites and in Sibiu (Romania). This committee consists of the managing director or a representative appointed by him, the human resources manager, employees from the human resources department, the company doctor, specialists for occupational safety, the works council and, if necessary, representatives of the representatives of the severely disabled. The meetings are held four times a year and have the purpose of discussing occupational safety and accident prevention issues.
EMPLOYEE DEVELOPMENT

In all companies of the Marquardt Group, our employees receive appropriate remuneration and, if applicable, fringe benefits, irrespective of gender, denomination, origin, age, disability, sexual orientation or country-specific characteristics.

Our remuneration policy is based on the market salary for the respective position and the individual performance of the employee. With the support of an independent, external service provider, comparative studies are regularly carried out to determine the current market level in a country and to set the basic and total remuneration appropriately and fairly. This ensures that each employee receives remuneration that is in line with the labour market relevant to him or her. Salary changes are based on the employee’s individual performance and, if applicable, on the company’s economic situation.

To this end, we in the Marquardt Group rely on agreement and performance appraisal interviews for all employees, which take place every year (100 percent, no differentiation by gender and employee category). Supervisors evaluate their employees on the basis of their performance and hold confidential feedback discussions with them.

All of our sites (with the exception of our site in Irapuato, Mexico) also offer various opportunities for students, school pupils and graduates:

Every year we offer up to 180 apprenticeships in the technical and commercial fields.

Pupils and students also have the opportunity to complete internships or to write their Bachelor’s or Master’s thesis on a subject-specific topic.

In addition to the offerings of the Marquardt Academy, we support our employees in every area in expanding their professional skills and in their personal development. To this end, all employee groups have access to various so-called excellence programs and a comprehensive range of further training courses.

At our headquarters in Germany, we also offer the special „Quali by HTV“ program. With this program, Marquardt supports employees who want to complete further education, such as a master’s degree. Interested parties can apply for this support and face an internal jury, which offers various forms of support according to defined rules.
**FAIR CONDUCT**

Respectful and peaceful cooperation, fair, unprejudiced and open dealings with people, diversity and tolerance – these are basic values that have always been valid at Marquardt. We are opposed to any form of discrimination and are committed to equal opportunities and equal treatment.

Marquardt respects and maintains neutrality and impartiality towards different genders, sexual orientation, religious beliefs, political convictions, world views, ethnic or social origin, skin colour, age and any disabilities or illnesses. Therefore, insults and defamatory statements, especially in connection with one of the views or characteristics described above, are not accepted in our company under any circumstances. We are not aware of any incidents of discrimination in Germany, nor do we have any knowledge of such incidents at locations outside Germany.

It’s our employees who make a decisive contribution to the success of the company.

We want them to be fairly compensated and treated for their work. That’s why we offer our full-time and part-time employees around the world a range of benefits, including health care, disability and occupational disability insurance, parental leave, retirement plans and life insurance.
INCREASE ENERGY EFFICIENCY – REDUCE CO₂ EMISSIONS

Innovative strength and environmental protection are two sides of the same medal at Marquardt. The efficient use of energy is our top priority.

For example, we have implemented an energy management system based on ISO 50001 at our German sites in Rietheim-Weilheim and Böttingen in order to reduce energy consumption, improve energy efficiency and cut CO₂ emissions. We have also created an Energy Management Competence Center (EMCC) on a global basis to implement energy management at all our production sites.

In this way, we want to establish continuous monitoring of energy consumption, optimize our energy efficiency and thus further reduce CO₂ emissions. The utilisation of waste heat potential, the use of energy-efficient systems and equipment in production and building technology, the reduction of compressed air consumption and the minimisation of standby consumption at weekends and on public holidays have been our practice for many years.

The aim is to implement the Marquardt energy management system with the aid of energy efficiency controlling software at all Marquardt production sites.
ENERGY AND CLIMATE PROTECTION

At our headquarters in Rietheim-Weilheim, we inaugurated a new Development and Innovation Center (EIZ) in 2019, where research is also being conducted into new technologies for e-mobility.

A photovoltaic system on the roof of the EIZ generates up to 100 kilowatts of electricity at peak times. This is roughly equivalent to the annual energy requirements of 25 four-person households. LEDs with daylight control are also used throughout the building, which reduces electricity requirements by 60 percent compared to conventional lighting.

And instead of an energy-intensive air conditioning system, we use environmentally friendly and at the same time more economical concrete core activation for heating and cooling.

We generate further environmentally friendly energy at our headquarters with our own combined heat and power plant, which reduces annual CO₂ emissions by around 100 tonnes. The energy output of the combined heat and power plant corresponds to the heating requirements of approx. 150 single-family homes and the electricity requirements of approx. 70 single-family homes. Highly efficient combined heat and power thus reduces the use of fossil fuels.
Marquardt pursues the goal throughout the Group of designing its production and building technology systems with low emissions. We also require our suppliers and all other service providers to act in an environmentally friendly and energy-efficient manner. Logistics routes are designed as effectively as possible and the corresponding transports are carried out efficiently.

In order to identify the main emission sources of Marquardt, the correct delineation and categorization of the relevant direct and indirect emission sources is of great importance.

In the 2020 financial year, all Marquardt Group sites had Scope 1 emissions of 5,263.2 tonnes of CO₂ equivalents and Scope 2 emissions of 39,552.3 tonnes of CO₂ equivalents. The amount of Scope 3 emissions cannot be directly controlled by Marquardt, but we are also taking responsibility here, for example by planning to include the supply chain in the recording of emissions data in the future. Our goal is to focus on the main Scope 3 emissions.

In order to continuously improve our energy efficiency, an energy management system in accordance with ISO 50001 has been introduced at the Rietheim and Böttingen sites.

In 2020, the total energy consumption of all Marquardt sites was 121,696 MWh. This includes all energy consumption, such as electricity, natural gas, district heating and heating oil, which we use at our production sites.

Another goal is to increase the share of renewable energy at our sites.

Scope 1 and Scope 2 emissions are calculated worldwide on the basis of consumption data and emission factors. For electricity, local emission factors are used based on information from the supplier. Emissions include all production sites under the operational control of Marquardt headquarters. The CO₂ equivalents for Scope 1 and Scope 2 reporting are calculated by multiplying the predominantly local emission factors by the determined consumption of the energy sources.
DRIVE ELECTRIC – CHARGE INTELLIGENTLY

Marquardt is part of a project consortium in the applied research project „KI-LAN“. A group of project partners led by the Institute of Industrial Engineering and Technology Management IAT at the University of Stuttgart is investigating how electric cars can be optimally charged. The participants are conducting research with the aim of developing a forecast-based charging management system and an algorithm that intelligently controls charging processes.

Artificial intelligence will be used to determine the power available at the location for charging the vehicles. The scope and costs of expanding the associated network and charging infrastructure can thus be reduced and the network connection optimally used. By using artificial intelligence and adapted fleet management systems to book and charge EVs, it is possible to simultaneously expand the EV fleet and the necessary charging infrastructure without expanding the electricity grid.

In order to be successful, two usage scenarios are examined. The first scenario focuses on parking in urban areas during working hours and events, using the WizemannAreal in Stuttgart as an example.

The second scenario uses the example of our Marquardt headquarters in Rietheim-Weilheim to examine parking during working hours in rural areas.

The solutions developed should also be transferable to other use cases and business models. To this end, we are conducting interdisciplinary workshops with parts of the workforce within our Marquardt Project Lab „Garage 1925“, which was set up specifically for this purpose. The workshops are accompanied and evaluated by field tests, which take place within the project duration. The project is funded by the Ministry for the Environment, Climate and Energy Management of Baden-Württemberg and runs from December 2019 to September 2021.

Marquardt’s goal is to significantly increase the proportion of electrically powered vehicles in our fleet.

AI-based charging management will help achieve maximum efficiency and avoid expensive peak loads.
WASTE PREVENTION

For us at Marquardt, resource efficiency is the key to waste prevention. In general, we want to keep the amount of waste generated in our production process as low as possible. We attach great importance to waste separation, because by separating waste according to type, we contribute to efficient recycling.

When selecting waste disposal companies, we pay attention to legal requirements and existing approvals of service providers. At our German sites, we also ensure that certified waste disposal companies are commissioned.

In our reporting period, the following waste was generated at our sites in Rietheim-Weilheim and in Böttingen:

**QUANTITY OF THE DIFFERENT TYPES OF WASTE IN RIETHEIM-WEILHEIM (IN TONS)**

- Energetic Utilization: 322.4 tons
- Recycling: 553.5 tons
- Recycling of Minerals: 1 ton
- Recycling: 100 tons
- Special Waste: 60.2 tons

**QUANTITY OF THE DIFFERENT TYPES OF WASTE IN BÖTTINGEN (IN TONS)**

- Energetic Utilization: 12.17 tons
- Recycling: 18.94 tons
- Recycling of Minerals: 0 tons
- Recycling: 0 tons
- Special Waste: 0.85 tons
PRODUCT & TRAFFIC SAFETY
INNOVATION AND DEVELOPMENT

As a mechatronics expert, one of our core competencies is to bring mechanics, electronics and software into optimal interaction. With the use of digitalized methods and highly efficient processes, we focus on agile and resource-efficient development. Virtual simulations enable us to reduce our development and testing efforts many times over.

The advantage: We do our product testing in-house. In the company’s own laboratories and test centres, we can carry out virtually all the required tests ourselves. This allows Marquardt to react more quickly to deficits and thus become better and better.

Future-oriented thinking is the key to our success. The innovative and tailor-made solutions we develop for our customers include, for example, battery management systems for electrically powered vehicles, state-of-the-art driver authorization systems and innovative solutions for vehicle interiors. We are also working on fuel cells and smart applications for household appliances. The focus is always on the safety, efficiency and comfort of our customers.

Marquardt is committed to continuous development. In addition to our core business, we are therefore constantly on the lookout for trends and opportunities that we can derive to generate new business fields. A good example of this approach is our early entry into the market for battery management systems.

Years ago, Marquardt consistently prepared itself for the opportunities of the mobility revolution and the booming market for electrically powered vehicles. As a pioneer in the development and production of battery management systems, several well-known vehicle manufacturers now rely on our experience.

Despite the difficult environment and increased cost pressure, Marquardt made numerous investments in its locations, in research and development and in further transformation during the reporting period. In Pune, we started operations in a newly constructed building for research and development; more than 400 engineers are working there on mechatronic system solutions specifically for the Indian market.

Expenditure on research and development again amounted to an average of 10 percent of sales in 2020. Marquardt registered 63 new patents in the reporting period. Our development activities are complemented by our global network and cooperation with partners, startups and research initiatives.
HIGHEST SECURITY FOR OUR CUSTOMERS

Marquardt is represented with its products in all important markets of the automotive supply industry as well as in the switch and application area, so that many people worldwide come into contact with our products every day. We therefore do everything in our power to avoid potential risks, disadvantages and hazards to the health and safety of our customers and end users as well as to the environment as a whole. Our business partners must comply with the standards, laws and regulations that apply to their products, such as REACH¹ and RoHS² requirements, product and information security standards, and product labeling and packaging. In the event of unforeseen deviations from the required standards, we require our business partners to take appropriate countermeasures without delay.

A risk analysis in the form of a Design and Process FMEA (Failure Mode and Effects Analysis) is carried out during the development of our products. Marquardt will not tolerate any security risk, including at the level of information security. If such security risks are identified, measures must be taken to prevent errors. All products that we have developed in the last 20 years have been subjected to this analysis, so that the degree of coverage here is 100 percent. There were no recalls during the reporting period, which demonstrates the effectiveness of our process. For safety-relevant E/E products, development is carried out in accordance with the FUSI³ process in line with common standards such as ISO 26262.

² Restriction of the use of certain hazardous substances in electrical and electronic equipment based on EU Directive 2011/65/EU.
³ FUSI stands for Functional Safety.
Marquardt views information and IT security as part of its corporate responsibility to protect the information and data entrusted to the company.

The protection of privacy is a very high priority for us. We process personal data and information of employees, customers, suppliers and other data subjects in compliance with applicable laws and regulations. Personal data is used exclusively for the intended purpose in accordance with the principles of data avoidance and data economy and in compliance with the statutory provisions.

The protection of the personal rights and privacy of each individual is for us the basis for a trusting business relationship. For this reason, Marquardt attaches great importance to ensuring that its business partners also comply with the legal provisions and standards on data protection. We achieve this through our „Code of Conduct for Suppliers and Business Partners“ as well as through contractual obligations and controls. In the 2020 reporting period, there was one data protection incident with a low risk classification that was documented internally and remedied.

Within the Marquardt Group, data protection coordinators at various locations work together to ensure compliance with the applicable data protection requirements – supported and monitored by our external Group Data Protection Officer (DPO) within the scope of the European Data Protection Regulation. Marquardt sees data protection as an important management task. For this reason, the Data Protection Officer reports directly to the Management Board.

Our goal is to ensure a uniform and globally valid standard for the handling of personal data.

In addition, we have formed a central data protection team consisting of the Chief Information Security Officer (CISO), the IT Security Officer (ITSO) and the Cybersecurity Manager for Products (CSM), in addition to the central data protection coordinator, which meets regularly to discuss and jointly formulate and implement necessary measures.

We enable the entire Marquardt Group and its employees to take responsibility for information and IT security: through information about and the obligation to comply with data protection regulations, through continuously updated training courses and a data protection policy.

With such a holistic organization, Marquardt ensures that data protection in the company is not only demanded, but also lived.

Furthermore, the Rietheim-Weilheim site has now been certified in accordance with TISAX (Trusted Information Security Assessment Exchange). The rollout to other locations is currently being planned.

TISAX is a standard defined by the automotive industry for information security based on ISO 27001. A large number of automotive manufacturers and suppliers in the German automotive industry require existing TISAX certification. Through the certifications of the sites, Marquardt can demonstrate the importance of information security in the company.
ABOUT THIS REPORT
REPORTING PERIOD AND CONTENT

This Sustainability Report is the first report of the Marquardt Group (referred to in the report as „Marquardt“), which comprises Marquardt GmbH and its affiliated companies and covers the reporting period from 1 January 2020 to 31 December 2020.

We plan to report regularly on our activities and progress in the future. The reporting process began with an analysis that served to define the content of the report. We compared the results of the analysis with the interests of our stakeholders, especially our customers.

Our goal is to be economically successful while at the same time assuming responsibility towards society and the environment. The initiatives and measures we are implementing to achieve this goal have been described in detail in this report.

REFERENCE TO GRI STANDARDS

This report refers to the Global Reporting Initiative (GRI) standards published in 2018 and the partial compliance with the GRI referenced claim. The use of the GRI Standards ensures transparency on how the standards have been applied. This document refers to the disclosures:


205-2 a and d, 205-3 → GRI 205: Anti-competitive Behaviour 2016

206-1 → GRI 206: Anti-competitive Behaviour 2016

302-1 e → GRI 302: Energy 2016

305-1 a and f, 305-2 a, e and f, 305-3 → GRI 305: Emissions 2016

306-2 b and 384-3 a → GRI 306: Waste 2020

308-1 → GRI 308: Supplier Environmental Assessment 2016

401-2 a. i-v → GRI 401: Employment 2016

403-1 a, ii, 403-2 a. i and ii, 403-3, 403-4, 403-5 → GRI 403: Occupational health and safety 2018

404-2 and 404-3 → GRI 404: Training and Education 2016

406-1 a → GRI 486: Non-discrimination 2016

408-1 a → GRI 408: Child Labor 2016

409-1 → GRI 409: Forced or Compulsory Labor 2016

412-1 → GRI 412: Human Rights Assessment 2016

414-1 → GRI 414: Supplier Social Assessment 2016

416-1 → GRI 416: Customer health and safety 2016

418-1 c → GRI 418: Customer Privacy 2016

419-1 → GRI 419: Socioeconomic Compliance 2016
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