



2022

# SUSTAINABILITY REPORT OF THE MARQUARDT GROUP





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# FOREWORD

Dear customers and business partners, dear readers,

When we published our first sustainability report for 2020, our company, like many economic players, was struggling with the corona pandemic and its drastic effects. As we know, hopes that the crisis would soon be overcome were dashed, as geopolitical tensions have intensified since then. Russia's war of aggression against Ukraine marks a "turning point" that has repercussions far beyond the European continent. The war in Gaza is leading to further destabilization and uncertainty. Meanwhile, the challenges of climate change have lost none of their importance and urgency.

**In view of all these upheavals and increasing centrifugal forces, consistent sustainable action is more important than ever for us at Marquardt.**

We cannot solve the world's major problems on our own. But as a globally active company, we are aware of our responsibility: for the people who work for our family business worldwide, for high-quality, safe products, for society and for the environment - for the big picture, on which we want to have a positive influence with many small steps and our own perseverance. We align our actions accordingly. And we have been doing so for almost one hundred years.

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 management was part of their self-image. The shareholders of all subsequent Marquardt generations also feel committed to the legacy of the founders and are firmly convinced that sustainable corporate development geared towards people and the environment must be at the center of entrepreneurial activity.



We therefore reinvest profits to a large extent, for example in research and development and in the ongoing training and development of our employees. We also continuously optimize our processes in dialog with our customers and suppliers and work consistently to constantly improve our carbon footprint. With a high level of profitability, we also create the conditions to be able to commit ourselves beyond business matters, for example to culture and numerous social projects.

In this report, we show the progress we have made in the area of sustainability since 2021. We do this in the knowledge that there is always room for improvement and that standing still would mean going backwards.

That is why we are not resting on our laurels and are currently working intensively on an integrated, global sustainability strategy 2030 across various areas of the company.

It continues to be based on the Global Reporting Initiative (GRI) criteria, which have since been further developed, and in future will also be based on the Corporate Sustainability Reporting Directive (CSRD) adopted by the European Parliament.

**Above and beyond regulatory requirements, our aim is to continue to be a driver of positive change in the future and to contribute to a future worth living in the spirit of a "good citizen".**

Continuous exchange with various interest groups is an important concern for us. Because together we can shape change even more successfully! And so we invite you, dear readers, to enter into an open dialog with our company. We look forward to your suggestions and ideas!

Rietheim-Weilheim, December 2023

**Dr. Harald Marquardt**  
Chief Executive Officer

## FOREWORD

COMPANY  
PORTRAIT

LEGAL FORM  
AND OWNERSHIP  
STRUCTURE

SUSTAINABLE  
CORPORATE  
GOVERNANCE

EMPLOYEES  
AND SOCIETY

PRODUCT AND  
ROAD SAFETY

ENVIRONMENTAL  
AND CLIMATE  
PROTECTION

SUSTAINABILITY  
ALONG THE  
SUPPLY CHAIN

ABOUT THIS  
REPORT

# COMPANY PORTRAIT

## ABOUT THE MARQUARDT GROUP

Marquardt, a family-run company founded in 1925 and based in Rietheim-Weilheim. In the district of Tuttlingen, is one of the world's leading manufacturers of mechatronic switching and operating systems.

The mechatronics specialist's products, 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 applications and systems can also be found in household appliances, industrial applications and power tools. Sales in the 2022 financial year amounted to around 1.4 billion euros. Every year, Marquardt invests ten percent of its turnover in research and development.

Marquardt produces in Germany at its sites in Rietheim-Weilheim, Böttingen, Ichttershausen and Harislee. There are also production plants in Romania, North Macedonia, Tunisia, 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 has sales offices in the UK, Italy, South Korea and Japan.

FISCAL YEAR

2022

TURNOVER IN  
BILLIONS OF EUROS

1,4

R&D INVESTMENTS AS A  
PERCENTAGE OF SALES

10 %

EMPLOYEES

10.600

LOCATIONS

22

CONTINENTS

4

PRODUCTION

Germany  
Romania  
North Macedonia  
Tunisia  
USA  
Mexico  
India  
China

DEVELOPMENT

Germany  
France  
Romania  
China  
India  
USA

DISTRIBUTION  
REPRESENTATIVE DANCES

United Kingdom  
Italy  
South Korea  
Japan

FOREWORD

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ABOUT THIS  
REPORT

## MARQUARDT AMERICA

### Mexico

1 Irapuato

### USA

2 Rochester Hills,  
MI

3 Cazenovia, NY

## MARQUARDT AFRICA

### Tunisia

4 Tunis

## MARQUARDT EUROPE

### Great Britain

5 Warwick

### France

6 Lieusaint

### Italy

7 Turin

### North Macedonia

8 Veles

### Romania

9 Sibiu  
(Hermannstadt)

10 Iași

### Germany

11 Harrislee

12 Ichtershausen

13 Böttingen

14 Rietheim-  
Weilheim

15 Trossingen

16 Sulzbach

## MARQUARDT ASIA

### India

17 Mumbai

18 Pune

### China

19 Shanghai

20 Weihai

### South Korea

21 Seoul

### Japan

22 Tokyo

# LEGAL FORM AND OWNERSHIP

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

The company has around 10,600 employees worldwide at 22 locations on four continents. A total of three Board members manage the business of the Marquardt Group.

## THE COMPANY'S MANAGEMENT BOARD:



**DR. HARALD MARQUARDT**

Chairman / Chief Executive Officer



**DR. KRISTJAN AMBROZ**

Chief Officer Mechatronic Devices



**JOCHEN BECKER**

Chief Operating Officer





# SUSTAINABLE CORPORATE GOVERNANCE

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FOREWORD

COMPANY PORTRAIT

LEGAL FORM AND OWNERSHIP STRUCTURE

..... SUSTAINABLE CORPORATE GOVERNANCE

EMPLOYEES AND SOCIETY

PRODUCT AND ROAD SAFETY

ENVIRONMENTAL AND CLIMATE PROTECTION

SUSTAINABILITY ALONG THE SUPPLY CHAIN

ABOUT THIS REPORT

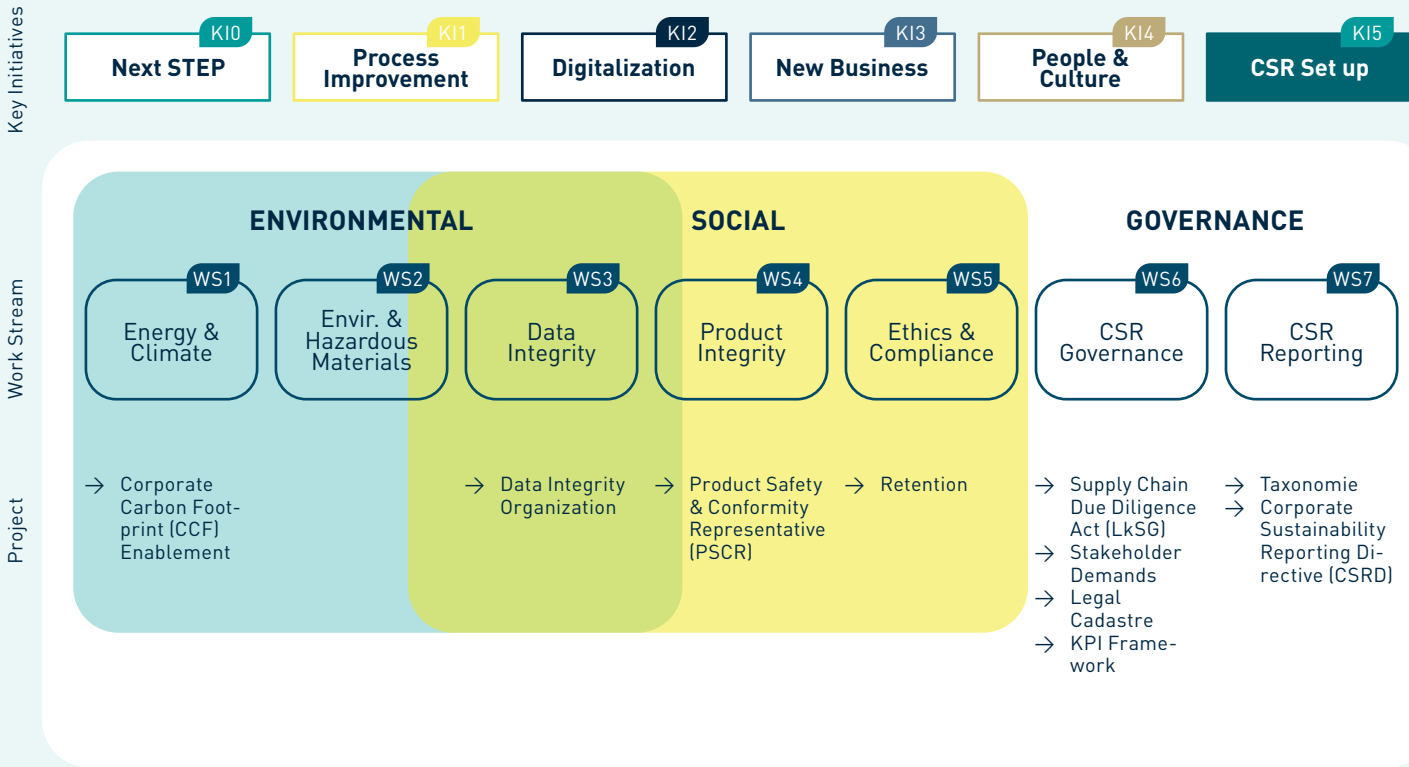


# SUSTAINABILITY ORGANIZATION

The Marquardt Group has reorganized its sustainability management in a so-called “enterprise Program Management Office” (ePMO) since 2022. Among other things, preparations are being made in the ePMO to anchor the sustainability targets identified in the corporate strategy and to implement them in all dimensions.

The Marquardt Group is implementing the various sustainability requirements in stages. Significant global strategic initiatives - the so-called Key Initiatives (KI) - are bundled in the “iMPact” program and are managed by the roup-wide ePMO.

## SUSTAINABILITY AT MARQUARDT (Enterprise) Program Management Office





# CORPORATE MISSION STATEMENT AND STAKEHOLDER ANALYSIS

In the following, we quote our corporate mission statement and list examples of the initiatives and measures we derive from it under the individual sections.

**"Together, we realize our corporate mission statement through our thoughts and actions. This applies to our behavior towards our customers, employees, suppliers, the environment and the social environment as well as our company. We are actively shaping the future - innovatively and quality-consciously."**

As part of various certifications (e.g. IATF, ISO, TISAX), Marquardt identifies the interests of its stakeholders in relation to the company. These are documented and evaluated in the context of the organization.

Marquardt engages in dialog with its stakeholders in various formats. For decades, automotive manufacturers and automotive suppliers have been among Marquardt's key interest groups. Together with one of its largest automotive customers, the company is currently analyzing and evaluating the product carbon footprint (PCF) of the components supplied to this customer as part of a pilot project.

As part of the CSRD and the associated reporting obligation, an extended stakeholder analysis was carried out, taking into account the draft ESRS standards available to date. The results will be incorporated into the materiality analysis to be carried out regularly in future. In addition, a comprehensive, regular stakeholder exchange is planned.

## CUSTOMERS

*"Our customers are our top priority - they are our most important stakeholders. We want to offer them greater benefits tomorrow than we do today. That's why we focus on innovation and the continuous development of our products and services. Our aim is to maintain and expand a globally significant position with our products. The benefits for our customers are a decisive factor in our success."*

We enter into dialog with our customers in particular through assessment platforms such as EcoVadis, NQC and CDP. More on this in the chapter on [Sustainability platforms: Ratings and rankings](#)

## EMPLOYEES

*"We want to shape the future together with our employees and deliver top performance. Promoting the strengths necessary for this is very important to us. We all work together constructively to contribute to the company's success on the basis of a positive working atmosphere. Everyone is responsible for their performance and quality of work at their workplace."*

*The courage to break new ground and the will to develop professionally and personally are the necessary prerequisites for this."*

Employee development has many facets at Marquardt. In addition to a performance-related remuneration system, the company offers individual development and training opportunities to promote careers. Marquardt attaches great importance to willingness to learn and continuous further training. For this reason, the company promotes the non-technical skills of its employees in the Marquardt Academy through various training and further education programs at all locations, for example through personnel, leadership and management development.

As part of the company health management program, Marquardt offers a wide range of health promotion measures, such as health days, various courses, lectures and company medical care. More on this in the chapters on [employee retention](#) and [health and safety in the workplace](#)

## SUPPLIERS

*"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."*

Marquardt maintains a close and cooperative exchange with its suppliers in order to not only find the best solution for the product, but also to comply with and implement common values and ethical guidelines such as the Code of Conduct. Bilateral discussions are already being held for this purpose, which are to be expanded in future, for example in the context of stakeholder dialogs. Marquardt facilitates exchange, support and cooperation in a spirit of partnership. As part of the implementation of the LkSG, Marquardt will expand its cooperation with suppliers, offer assistance where necessary and draw up joint action plans. More on this in chapter [Sustainability along the supply chain](#)

## SOCIETY AND ENVIRONMENT

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

The exchange with the communities of the Marquardt locations and the local associations is very important to Marquardt. In cooperation with the municipality of Rietheim-Weilheim and the Protestant parish of Rietheim, Marquardt supports a number of nursery and kindergarten places. The company also regularly supports projects in the areas of education, youth development and work with senior citizens run by the Spaichingen Community Foundation. More on this in the chapter [Social commitment](#)

## INDEPENDENT FAMILY BUSINESS

*"Marquardt is an independent family business. We want to preserve this. We live the company values - active, innovative, quality-conscious -, realize the company mission statement through our conduct and all contribute to economic success."*

The shareholders of the Marquardt Group are committed to the long-term successful development of the company. Profits are therefore reinvested to a large extent, for example in research and development and in the continuous training and development of employees.



ENERGY &  
CLIMATE



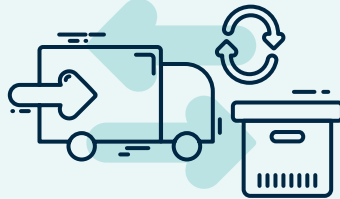
DATA  
INTEGRITY



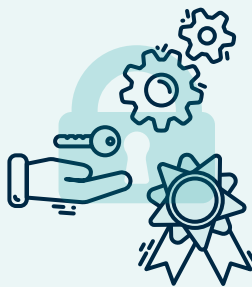
ETHICS &  
COMPLIANCE



CSR  
REPORTING



ENVIRONMENT &  
HAZARDOUS MATERIALS



PRODUCT  
INTEGRITY



CSR  
GOVERNANCE

# MATERIALITY ANALYSIS

The materiality analysis already carried out in 2020 is based on a benchmark analysis of competitors and customers and a comparison with the topics relevant to Marquardt in the EcoVadis report and NQC rating. Other stakeholders were not yet included in the 2020 materiality analysis. In the further course of the materiality and gap analyses of the Marquardt Group, the requirements resulting from legal obligations such as the Corporate Sustainability Reporting Directive (CSRD) and the LkSG were already included in the analysis. The most important sustainability topics for the Marquardt Group to date were expanded to include aspects of governance. As a result, seven key topics were pursued in the reporting period:

- **Energy & Climate**
- **Environment & Hazardous Materials**
- **Data Integrity**
- **Product Integrity**
- **Ethics & Compliance**
- **CSR Governance**
- **CSR Reporting**

As part of the CSRD requirements to be applied in the future under the framework of the European Sustainability Reporting Standards (ESRS), the Marquardt Group must carry out a mandatory materiality analysis from the 2025 financial year. Both impact materiality (identification, assessment and prioritization of impacts on people and the environment) and financial materiality (determination of the financial implications of sustainability-related risks and opportunities) must be taken into account (dual materiality). A sustainability aspect fulfills the criteria of dual materiality if it is material from the impact perspective (impact materiality) or from the perspective of business relevance (financial materiality) or from both perspectives.

A materiality analysis in accordance with the requirements of the CSRD is currently being developed (project status).

# SUSTAINABILITY STRATEGY

In order to make continuous progress towards the sustainability targets set for the future, Marquardt's sustainability team is currently working on the creation of a comprehensive, cross-company sustainability strategy that will be integrated into the corporate strategy. As part of an agile project led by the enterprise program

Management Office (ePMO), a comprehensive strategy is to be developed by the end of 2023 that will not only describe the direction of the next few years, but also pave the way for a more sustainable future. To this end, comprehensive short-, medium- and long-term goals will be developed for the key areas identified.



# SUSTAINABILITY PLATFORMS: RATINGS AND RANKINGS



Marquardt's commitment to sustainability is also reflected in the rating results of independent institutions and sustainability platforms. Sustainability ratings are becoming increasingly important, especially when awarding customer contracts. The sustainability platforms EcoVadis, NQC and CDP have established themselves as the industry standard, with Marquardt achieving results above the industry average.

## ECOVADIS AND NQC

The Marquardt Group has been registered on the EcoVadis platform since 2017 and since 2019 also on the Supplier Assurance Platform of the service provider NQC Ltd. A wide range of sustainability information can be made available to customers and other stakeholders via the platforms and the questionnaires provided there.

### EcoVadis

The in-depth assessment by EcoVadis analysts serves to evaluate the material impact of companies on ESG-relevant areas on the basis of documents, KPIs and other evidence. The focus is therefore on questions that cover social, environmental and economic issues. While Marquardt received a rating of 46 points in 2021 and thus the bronze medal for its commitment in the areas of environment, labor and human rights, ethics and sustainable procurement, the company made significant progress in 2022 and achieved the silver medal in December 2022 with a rating of 56 points. This puts Marquardt in the top 24 percent of companies in its sector assessed by EcoVadis.

### NQC

The "Supplierassurance" platform from service provider NQC offers a scalable approach to risk and due diligence management along the entire supply chain. Its Self-Assessment-Questionnaire (SAQ) is used by global automotive manufacturers (OEMs) as well as by many Tier 1 and sub-tier automotive companies. The SAQ is in line with the global sustainability guidelines of the automotive industry and focuses on improving sustainability performance in the supply chain by assessing policies and practices in the areas of human rights, environmental sustainability, occupational health and safety, business ethics and compliance, responsible sourcing of raw materials, and responsible supplier management.

Since version SAQ 3.0, Marquardt has been answering the respective SAQ for almost every location in order to obtain a so-called "S-Rating". Marquardt has almost always achieved very good results that are above the industry average.

All production sites (with the exception of India) are currently assessed according to the SAQ 5.0 standard, which already contains many elements of the LkSG and the CSRD. The so-called S-ratings already received also show very satisfactory results for Marquardt here.

## CDP (formerly Carbon Disclosure Project)

The CDP is a non-profit organization whose aim is to achieve greater transparency about climate-damaging emissions and the corresponding strategies.

Every year, the CDP asks companies for data and information on climate protection on behalf of its investors. This relates in particular to the management's assessment of climate change and its impact on the company, the systematic recording of CO<sub>2</sub> emissions and the management's strategies for reducing these emissions. The reports provide information on the current status and the company's efforts in the areas of climate change and water security.

For the years 2014 and 2015, Marquardt participated in the CDP's extensive questionnaire in the "Supply Chain" category. Since 2018, Marquardt has been answering the questionnaires in the "Climate Change" and "Water Security" categories. This is associated with a ranking of the company, which can be viewed by its customers via CDP. While Marquardt achieved a "D" rating in the "Climate Change" and "Water Security" categories in the automotive supplier industry group in the 2021 assessment, which was published in 2022, the company was able to improve to a "B" in the "Climate Change" category and a "C" in the "Water Security" category last year.

Marquardt intends to further intensify its activities in relation to climate change and water security and optimize its CDP rating. All three platforms - EcoVadis, NQC and CDP - will identify any remaining deficits, which Marquardt will then successively address as part of action plans.

# CERTIFICATIONS OF THE MARQUARDT LOCATIONS

As an automotive supplier, Marquardt has various global certifications, some of which are required by law and some of which are voluntary.

**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 supplements the **ISO 9001:2015** quality management standard.

**ISO 14001:2015** is a standard that defines the requirements for environmental management. Requirements for an energy management system are defined in **ISO 50001:2018**. **ISO 45001:2018** provides guidelines for a management system for employee health and safety.

**TISAX** is a cross-company assessment and exchange procedure for information security in the automotive industry. It is concerned with the protection of data, its integrity and availability in the manufacturing process and in the operation of vehicles.

The quality management standard **ISO 13485:2016** covers the requirements for the development and manufacture of medical devices. **AS9100** is a quality management system based on **ISO 9001** and is aimed at quality in the aerospace industry.



Marquardt locations	IATF 16949: 2016 (Quality Automotive)	ISO 9001: 2015 (Quality)	ISO 14001: 2015 (Environ-ment)	ISO 50001: 2018 (Energy management)	ISO 45001: 2018 (Health & Safety)	TISAX (Information security)	ISO 13485: 2016 (Quality Medicine)	AS 9100: 2016 (Quality Aerospace)
GERMANY								
Rietheim-Weilheim / Böttingen	•	•	•	•	•	•		
Ichtershausen	•	•	•					
Trossingen	•	•						
CHINA								
Shanghai	•	•	•			•		
Weihai	•	•	•			•		
FRANCE								
Lieusaint	•	•						
INDIA								
Mumbai	•	•						
NORTH MACEDONIA								
Veles	•	•	•		•	•		
MEXICO								
Irapuato	•	•	•		•	•		
ROMANIA								
Sibiu	•	•	•		•	•		
TUNISIA								
Tunis	•	•	•			•		
USA								
Cazenovia	•	•	•			•	•	•



# TRANSPARENCY, INTEGRITY AND COMPLIANCE



## COMPLIANCE AND RISK ORGANIZATION

Integrity and compliance are important cornerstones of a company. Marquardt ensures that it acts sustainably and responsibly with the help of its compliance and risk organization.

The compliance organization is responsible for compliance and corporate responsibility (CR) throughout the Group and is divided into two sub-functions: the Corporate Compliance Office at the Marquardt headquarters and operational compliance management at the various locations and companies of the Marquardt Group. Overall responsibility for compliance lies with the Chairman of the Management Board.

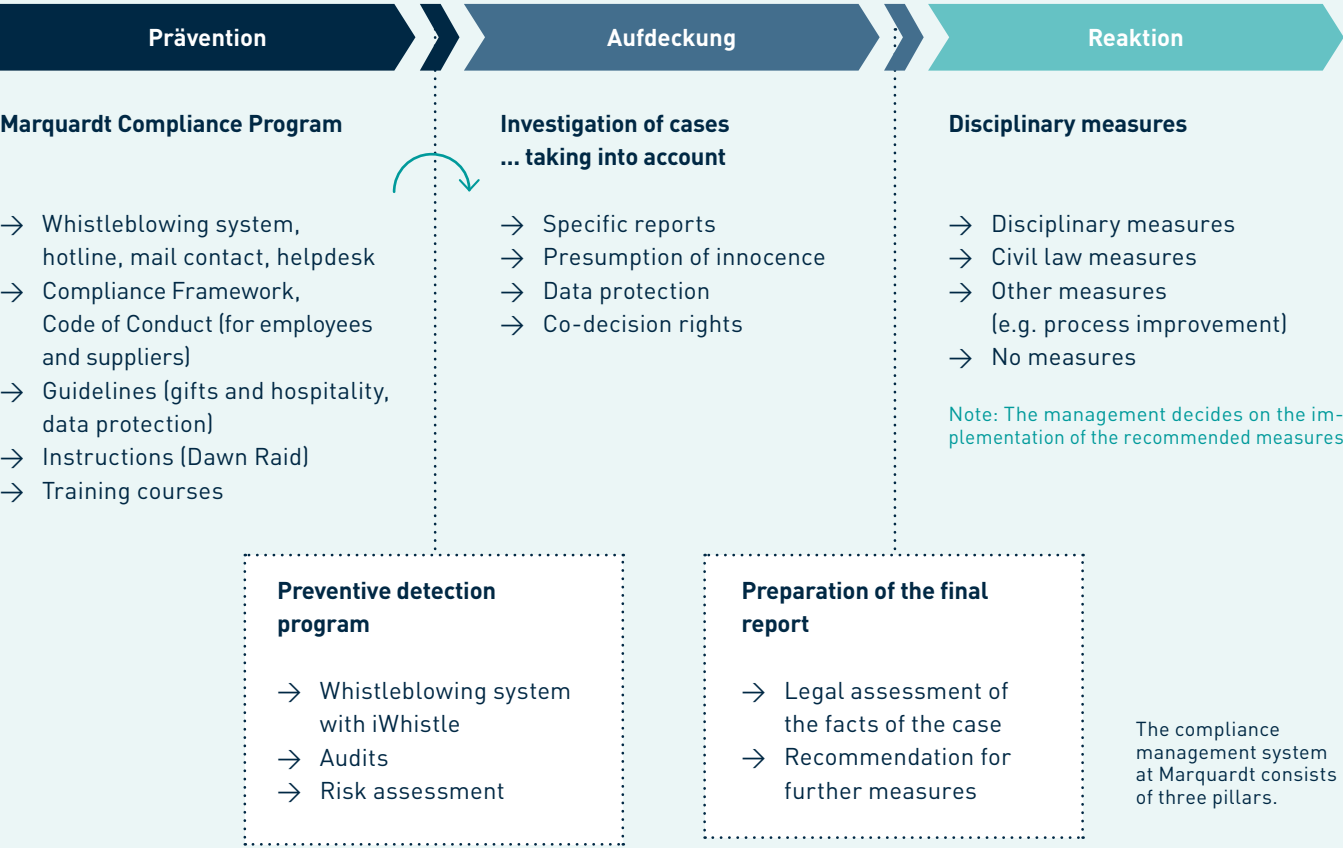
The Corporate Compliance Office performs central functions and tasks in the area of legal, organizational and strategic compliance orientation and management for the entire Marquardt Group. This includes, for example, the creation of Group-wide guidelines, instructions and specifications as well as the conceptualization of training courses for employees. In addition, the coordination of the compliance management system and the development and operational execution of the compliance program are among the areas of activity.

It also advises employees, receives complaints and tips and investigates compliance incidents.

The Corporate Compliance Office is headed by the Head of Corporate Compliance, who is functionally represented and supported by a General Compliance Officer. Specialist compliance areas, such as data protection or customs and export control, are represented by other Compliance Officers.

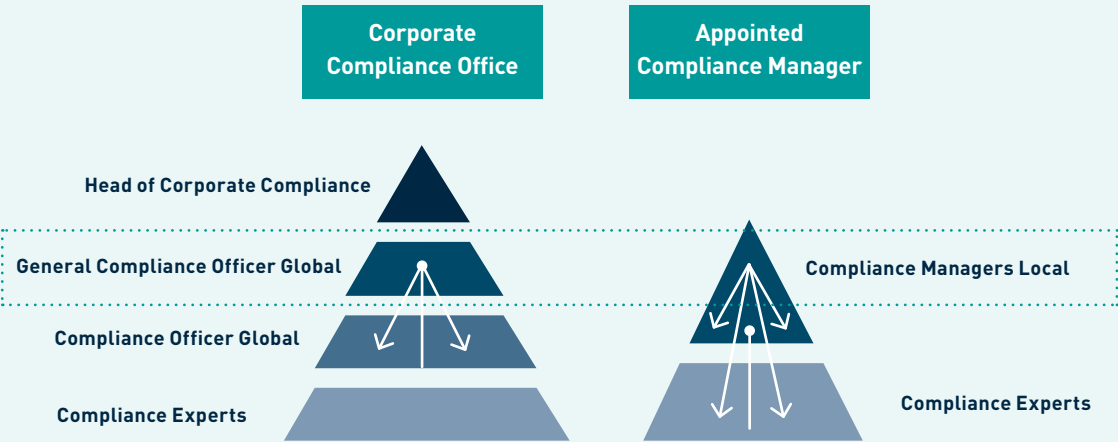
The Corporate Compliance Office carries out specially coordinated and formalized risk analyses at regular intervals in order to identify potential compliance risks for the Marquardt Group at an early stage and to align and further develop the Group-wide compliance program in line with these risks. Necessary measures can then be derived from the risk analyses, which are summarized in the compliance program and implemented in the financial year. Risks within and outside the company are considered, evaluated and addressed, in order to ensure compliance with internal standards and to be able to act responsibly towards external stakeholders.

## COMPLIANCE PROGRAM



STRUCTURE OF THE COMPLIANCE DEPARTMENT (INTERNATIONAL)

- Organization
- **Legal:** Compliance Officers
  - **Operational:** Compliance Managers (global, departments, regions, etc.)



The Corporate Compliance Office is supported by the operational Compliance Management from the individual Marquardt companies or locations, which is responsible for implementing the developed compliance program on site. This is enforced by an appointed Compliance Manager at each location.

The compliance program is based on the IDW PS 980 auditing standard. As part of this program, the main risk areas described below were identified:

- **Fighting corruption**
- **Antitrust and competition law**
- **Supplier management**
- **Foreign trade and export**
- **Data protection and information security**

The compliance program is intended to prevent compliance violations (prevention) and to detect any compliance violations that occur despite preventive measures as quickly as possible (detection). Compliance violations should be remedied immediately and efficiently as soon as they are discovered (reaction). Measures (e.g. training, guidelines, etc.) are derived for the risks identified in the compliance assessments carried out.

The General Compliance Officer generally reports to the Management Board every six months. In addition, the compliance organization reports to the Marquardt Group's Advisory Board once a year. The central elements of the compliance program are the "Code of Conduct for Employees" and the "Code of Conduct for Suppliers and Business Partners" as well as the supplementary written guidelines.

RISK MANAGEMENT

The central risk management system within the Marquardt Group is the responsibility of the Finance and Legal departments. The aim of the system is to systematically record, assess and minimize internal and external risks across all departments.

To ensure the effective identification and processing of any risks, the Finance and Legal departments, in cooperation with the Quality department, carry out recurring and cross-departmental risk assessments. Internal and external risks are identified, documented, evaluated and reported to the Management Board on an annual basis.

In addition, the Finance department conducts cross-divisional and risk-oriented (global) audits in the Marquardt Group to identify legal, financial and operational risks. In the past, such audits have focused in particular on the areas of logistics, customs and foreign trade.

As part of the further development of the risk management system, however, the focus is to be extended to other specialist areas and subject areas such as sales, purchasing and sustainability in order to ensure a holistic risk management approach and to comply with legal requirements (LkSG, CSRD, etc.). Implementation should be based on relevant state-of-the-art frameworks (e.g. COSO framework).

As part of the professionalization of the company's internal risk management, an independent unit is to be established in the medium to long term.





# CODE OF CONDUCT

As an independent, globally active family-owned company with almost 100 years of history and various business areas, Marquardt is aware of its responsibility. For employees, towards customers and business partners, for society and the environment.

It has always been a matter of course for Marquardt that the entire Marquardt Group complies with applicable laws at all times and everywhere, respects fundamental ethical values and acts sustainably. By creating fundamental principles in the areas of human rights, labor standards, environmental protection and anti-corruption, Marquardt has imposed legally compliant conduct on itself by means of binding guidelines and instructions and has made a comprehensive commitment to this. These ethical and legal principles of conduct are set out in the "Code of Conduct for Employees" and form the essential basis for the daily actions of Marquardt employees.

The main contents of the Marquardt Code of Conduct are humane working conditions, fair business conduct and corruption prevention, handling of information and corporate values, quality and environmental protection, fairness and diversity, occupational health and safety. This Code of Conduct is supplemented by the "Statement of Principles to Respect the Human Rights", the Corporate Mission Statement and the documentation of the Compliance Policy, which also take into account topics such as diversity and equal opportunities.

The basic principles of conduct mentioned apply to all employees and board members worldwide, in their dealings with each other and with stakeholders (shareholders, customers, suppliers, etc.). The Code of Conduct for Employees has been translated into the respective national language for all Marquardt locations in order to ensure consistent readability.

Every employee at Marquardt undertakes to observe and live by the "Code of Conduct for Employees" in their day-to-day work. Enforcement is ensured and monitored by the compliance organization as part of risk assessments and audits.

The compliance team regularly informs and raises awareness of the "Code of Conduct for Employees" and provides training on this at regular intervals.

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

→ [www.marquardt.com/us/downloads](http://www.marquardt.com/us/downloads)





# WHISTLEBLOWER SYSTEM



The whistleblower system at Marquardt consists of several channels. Employees and business partners can contact the usual internal departments (management, HR department and compliance organization) in person, by email or telephone to submit reports. In addition, contact can be made via the mailboxes (whisperboxes) installed at all locations, which also allow to submit anonymous reports.

Marquardt also has a digital reporting system called "iWhistle", which fully complies with the requirements of the EU Whistleblower Directive and the international standards for whistleblowing systems and is a suitable tool for whistleblowing activities. The system enables both internal and external complaints, at any time, in any Marquardt language and also in anonymous form.

Whistleblowers are not subject to any retaliatory measures.

For the 2022 reporting year, there were a total of 21 compliance-related incidents within the Marquardt Group that were uncovered via the compliance management system and processed in accordance with the internal process. The cases uncovered mainly related to fraud-related matters and other violations of laws, processes or guidelines. Incidents in the categories of bribery, data protection violations, theft and conflicts of interest were also recorded.

Apart from one case in which financial damage was incurred, no serious incidents are known. One incident was in the area of data protection, which was investigated, assessed and resolved by a project team set up for this purpose.



# CODE OF CONDUCT FOR SUPPLIERS AND BUSINESS PARTNERS

Always acting responsibly is Marquardt's  
top priority

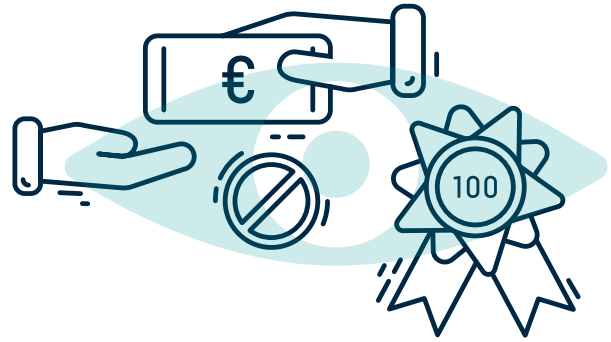
In times of increasing risks for companies, society and the environment, Marquardt also demands this understanding from all its suppliers and business partners. For this reason, all suppliers and business partners are sensitized to corporate and social responsibility and the economic, ecological and social impact of human activity by means of the "Code of Conduct for Suppliers and Business Partners". Marquardt expects all business partners and their employees to make an identical commitment to responsibility by committing to the basic principles of the "Marquardt Code of Conduct for Suppliers and Business Partners". The Code of Conduct for Suppliers and Business Partners is communicated via the supplier portal of an external provider and subjected to a software-supported check.

If the business partners use third parties (such as subcontractors) as part of an extended business and supply relationship with Marquardt, Marquardt expects that the business partners also undertake to comply with the requirements in this relationship.

The Marquardt Code of Conduct is currently being fundamentally revised in terms of its structure and content. On the one hand, the document is to be aligned with the standards of the GRI, the CSRD and the ESRS. In addition, adjustments will be made to the new legal requirements, such as those arising from the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) for companies.

**The Code of Conduct for Suppliers and Business Partners can be downloaded from the Marquardt webpage in German and English.**

→ [www.marquardt.com/us/downloads](http://www.marquardt.com/us/downloads)



## FAIR AND COMPLIANT BEHAVIOR

Compliance and integrity are an integral part of business life at Marquardt. The company expects all employees and business partners to act with integrity.

## FAIR BEHAVIOR TOWARDS PEOPLE

Respectful and peaceful coexistence, fair, unprejudiced and open interaction with people, diversity and tolerance. These are basic values that have always been valid at Marquardt. The company and its employees 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, ideology, ethnic or social origin, skin color, age and any disabilities or illnesses. The company therefore does not accept insults or defamatory statements, particularly in connection with any of the views or characteristics described above, under any circumstances. At the time of reporting, there were no known incidents of discrimination in Germany, nor was there any knowledge of such incidents at locations outside Germany.



## FAIR BEHAVIOR TOWARDS COMPANIES

To enable Marquardt to compete with its competitors, the company strives for innovation and top performance. Marquardt wants to ensure fair competition and do "the right thing" for its customers. This must always be done in compliance with all laws and regulations.

Marquardt also always behaves fairly and in accordance with the rules towards companies, regardless of whether they are customers, suppliers or competitors. Risk assessments are regularly carried out within the Marquardt Group to ensure compliant behavior. This also includes risks relating to corruption and bribes. There were no incidents of corruption in 2022 in which fines or penalties were imposed on Marquardt for corruption offenses.

The newly introduced review process for high-risk transactions also did not identify any transactions involving corruption. Furthermore, Marquardt is not aware of any cases of anti-competitive behavior or violations of antitrust and monopoly law in the 2022 reporting year.

All representatives of the controlling bodies are informed about existing and impending risks throughout the Group at regular management and compliance meetings. In order to prevent corruption, the controlling bodies and employees receive training on anti-corruption and competition law at regular intervals. All employees were last trained on the updated content of the "Code of Conduct for Employees" and the "Statement of Principles to Respect the Human Rights" in spring 2022. Suppliers were informed about the Code of Conduct for Suppliers and Business Partners and the Statement of Principles to Respect the Human Rights and asked to accept them.





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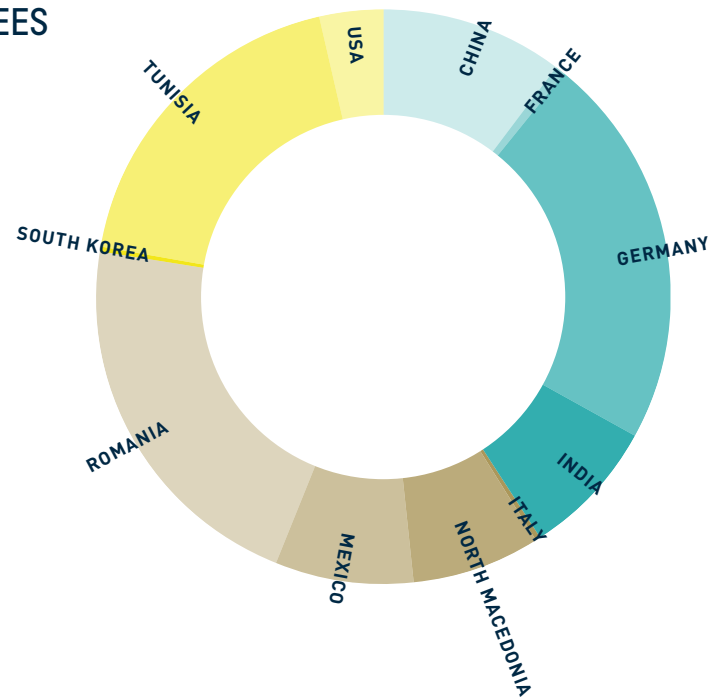


NUMBER OF EMPLOYEES  
BY COUNTRY 2022

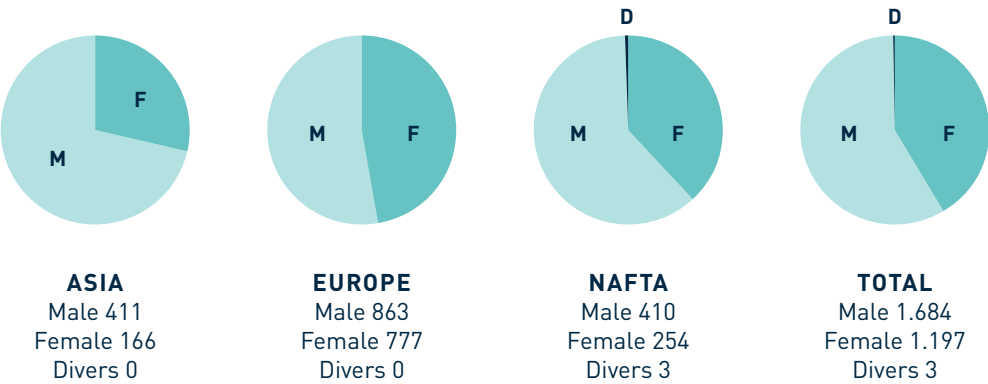
1,095	China
34	France
2,314	Germany
828	India
1	Italy
753	North Macedonia
798	Mexico
2,241	Romania
20	South Korea
1,937	Tunisia
359	USA

10,380 Total

(excluding external employees,  
interns and working students)



NEW EMPLOYEES (M/F/D) AT MARQUARDT  
BY REGION IN 2022



EMPLOYEES (M/F/D) OF THE MARQUARDT GROUP  
WHO ARE ENTITLED TO PARENTAL LEAVE AND  
HAVE TAKEN PARENTAL LEAVE IN 2022



EMPLOYMENT

The Marquardt Group is represented on four continents and employed around 10,600 people (including external employees and trainees) at twenty two locations at the end of 2022. The proportion of women was 49 percent in 2022. The majority of employees, namely seventy percent, work in Europe, followed by 19 percent in Asia. There are 2,300 employees in Germany. Marquardt is a multi-national company.

Employees from 47 different nations work for the family-owned company. The average age is 38.5 years.

Marquardt sees the diversity in the workforce as an opportunity for its employees to learn something new from each other every day and to improve themselves.

Regular dialog between employees, collective bargaining parties, employee representatives and managers is very important to Marquardt. The employee representatives have co-determination rights in various company matters, such as working hours, working conditions and Remuneration. Together, fair working conditions and an attractive and competent working environment are created. Eighty percent of all employees worldwide are also protected by employee representatives.

Added to this is the internationally organized co-operation, which includes customers and business partners from a wide variety of countries. Open-minded, holistic thinking and action are therefore of fundamental importance at Marquardt.

Diversity is also reflected in the promotion and further development of all employees, regardless of age and gender. Employees enjoy working at Marquardt and want to make their contribution to the company's success. In 2022, only eleven percent left the company at their own request. The average length of service is over eight years, despite the fact that Marquardt established some new locations in Asia and Europe only five years ago.

Respectful and peaceful coexistence, fair, unprejudiced and open interaction with people, diversity and tolerance, these are fundamental values that have always applied at Marquardt. The Group is opposed to all forms of discrimination and is committed to equal opportunities and equal treatment. Marquardt respects and maintains neutrality and impartiality towards different genders, sexual orientation, religious beliefs and political convictions, ideology, ethnic or social origin, skin color, age and any disabilities or illnesses. Therefore, insults and defamatory statements, particularly in connection with one of the views or characteristics described above, will not be tolerated. However, Marquardt is not aware of any incidents of discrimination in Germany, nor is it aware of any such incidents at locations outside Germany.

# EMPLOYEE RETENTION

**It is the employees who make  
a decisive contribution to the  
company's success.**

Marquardt is therefore committed to fair pay and fair treatment. It goes without saying that the relevant country-specific minimum wage laws are also respected and implemented. Furthermore, the company offers its full-time and part-time employees many other benefits in addition to various working time models, such as healthcare, disability and incapacity cover, parental leave, retirement provision and life insurance.

Against the backdrop of demographic change and the resulting shortage of skilled workers, Marquardt attaches great importance to a stable personnel structure. Managers are therefore in regular dialog with employees, focus on transparent communication and promote an atmosphere of trust.

Marquardt offers its employees fair working conditions in a modern working environment. Employees can contribute their knowledge, ideas and passion with great freedom of action and creativity. Depending on the project, new working methods such as agile working are also used.



In addition to individual development and training opportunities for career advancement, Marquardt has a performance-related remuneration system. This includes: (collectively agreed) basic pay, non-tariff pay components and bonuses as well as vacation pay, special company payments, shift allowances, performance bonuses, recruitment bonuses and allowances for meals and for company pension schemes and health insurance. The company is also constantly striving to expand its benefits package with additional, non-remunerated benefits, such as the provision of company vehicles, gifts for special occasions, work clothing, shuttle services and additional days off.

As part of its company health management program, Marquardt offers a wide range of health promotion measures, such as health days, various courses, lectures and company medical care.

Marquardt offers flexible, family-friendly working hours with over one hundred different working time models in order to reconcile work, family and leisure time. Mobile working is now part of everyday working life for many employees.

Marquardt is constantly working on the further development of its onboarding and induction program so that new employees can quickly find their way around the company and integrate into their role.

The topic of employee retention and motivation is a central component of global personnel management and the global human resources strategy.

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

Marquardt's remuneration policy is based on the standard market salary for the respective position and the individual performance of the job holder. 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 every employee receives remuneration that corresponds to the relevant labor market. Salary changes are based on the individual performance of the employee and, if applicable, the economic situation of the company.

To this end, the Marquardt Group holds annual appraisal and performance reviews for all employees (100 percent, no differentiation by gender or employee category). Supervisors evaluate their employees on the basis of their performance and conduct confidential feedback discussions with them.



# EMPLOYEE DEVELOPMENT

Marquardt offers three equivalent career paths that employees can take for their professional development.

Management, project management or expertise. Development support extends across all levels. On average, four training days were made available to each employee worldwide in 2022.

Marquardt attaches great importance to a willingness to learn and continuous further training. This is why the company promotes the non-technical skills of its employees at the Marquardt Academy through various training and further education programs at all locations, for example through personnel, leadership and management development.

All sites (with the exception of the site in Irapuato, Mexico) also offer various opportunities for students, school pupils and graduates. Every year, Marquardt offers up to 180 apprenticeships in technical and commercial fields. Pupils and students also have the opportunity to complete internships or write their Bachelor's or Master's thesis on a specialist subject.

In addition to individual training courses for leadership and personal development, the Marquardt Academy also offers development programs for high potentials, the so-called "Marquardt Development Programs". Any employee who meets the criteria for this can apply for the program. Participants are selected centrally for the program.

In addition to the offerings of the Marquardt Academy, the HR department supports employees in every area in expanding their professional skills and in their personal development.

To this end, all employee groups have access to various extensive training programs in the respective "Institute for Excellence". The courses are led by internal experts or organized in collaboration with external providers. These targeted training courses support employees in various specialist areas and are an integral part of Marquardt's development strategy.

Marquardt also offers the special "Quali by HTV" program at its headquarters in Germany. If the criteria are met, Marquardt offers a temporary reduction in working hours and the guarantee of educational leave during further training in addition to financial support. . The further training ranges from a course at the Chamber of Industry and Commerce to a qualification as a technician or a degree. The time frame can vary. Interested parties can apply to a committee, which will ask them about the reason and motivation for the training, the upcoming costs and the added value that the training will have for the company. The financial support is divided into two payments. The maximum grant is 6,000 euros.



In the Marquardt Talent Management System (TMS), employees can view the entire training catalog in the learning management area and thus select suitable and relevant training courses for themselves. The selection can be discussed with the manager during the annual performance review and integrated into a development plan.

The impending digital transformation is a challenge that Marquardt is tackling with targeted projects. These projects are working on adapting processes and organizational structures to the requirements of the digital era. Employees are the key to success here, as they have to acquire new skills and adapt to the rapid changes of the digital world. Promoting the willingness to learn plays a decisive role in this context. Marquardt has therefore launched the "Qualification 4.0" project to provide targeted support and further develop the technical and interdisciplinary skills of its employees in the area of digitalization.

In view of the large number of ongoing transformation projects, Marquardt has recognized the importance of the human side of change and offers professional "change support" in order to successfully master the complex challenges of change and achieve sustainable success together.

# OCCUPATIONAL HEALTH AND SAFETY

Marquardt is aware of its responsibility for the health and safety of its employees and takes this extremely seriously. In this respect, Marquardt guarantees 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 working conditions and processes as well as through a variety of prevention and health promotion measures, Marquardt maintains and promotes the health, performance and job satisfaction of its employees.

An occupational health and safety management system is in place at all production sites, which has been certified in accordance with ISO 45001 at the headquarters in Rietheim-Weilheim and at the sites in Romania, North Macedonia and Mexico. When joining the company, all employees are trained in occupational health and safety management. The aim is to prevent accidents at work.

To achieve this, Marquardt carries out risk assessments in the area of occupational health and safety at all certified locations. In Germany, these are risk assessments and instructions on risk assessment. For this purpose, the system of a classic risk assessment is used, which is divided into seven steps and makes it possible to identify work-related hazards and evaluate risks. In addition, suitable protective measures, such as technical safeguards and personal protective equipment, are defined, implemented and instructed so that every employee is protected in the best possible way. The health and safety policy also covers sub-contractors working on the company premises.



They are also trained in safety issues on the company premises. Marquardt is also committed to promoting the health of its employees as part of voluntary programs, for example in the form of health workshops.

## Employees are given training on how to report work-related hazards and how to get out of dangerous work situations.

A prevention reporting process was also rolled out at the headquarters. Employees have the opportunity to report unsafe situations such as tripping hazards, slipping hazards and near-accidents using a standardized form. The reports are collected centrally and evaluated cyclically in order to identify focal points and possibly initiate measures to avoid such situations in future. Appropriate remedial action is also taken, for example by removing tripping hazards.

In addition, there are annual instructions on how to deal with accidents on the way to or from work, how to report them and how to avoid accidents at work. There is also an instruction that defines the processes of occupational medical care and preventive occupational medicine, which contribute to the identification and elimination of hazards and the minimization of risks. There were no fatal accidents during the reporting period.

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 (EHS). The content is determined by the Management Board and applies to all employees.

In addition, Marquardt has an employer-employee committee for occupational health and safety at its headquarters in Rietheim-Weilheim and in Sibiu (Romania). It consists of the Management Board or a representative appointed by it, the HR manager, employees from the HR department, the company doctor, occupational safety specialists, the works council and, if necessary, experts and representatives of the representative body for severely disabled employees. The meetings take place four times a year and are intended to discuss occupational safety and accident prevention issues. In addition, processes for consulting and involving employees have been activated at all certified sites.

An occupational health and safety guideline exists at every Marquardt production site. It summarizes the following topics, among others: interested parties, context of the organization, management / responsibility / representatives, dealing with risks and opportunities, risk assessment, review of legal requirements, management of measures, planning and achievement of safety and health protection goals, training / instruction / further training, health management and workplace ergonomics, accident and emergency management, hazardous substance management, machine safety, emergency preparedness, fire protection and personal protective equipment.



# SOCIAL COMMITMENT



For Marquardt, economic success has always gone hand in hand with social responsibility. The company founders Johannes and Johannes Marquardt had already set themselves the goal of providing special support and care for people with disabilities. They also developed voluntary forms of support for families with children, additional pension provision and housing development, thus setting standards for a forward-looking social partnership decades ago.

**Marquardt continues to bring the tradition of a prudent and responsible family business to life: Marquardt supports numerous social institutions worldwide and is often involved in education, sports and culture.**

In Rietheim-Weilheim, for example, the company cooperates with the kindergarten and presents the "Marquardt Technician Award" and the "Women and Technology" sponsorship award for state-certified technicians at the Ferdinand-von-Steinbeis School in Tuttlingen.

In addition to many other cultural institutions, the company supports the Erich Hauser and Hohenkarpfen art foundations. Marquardt is also involved in the Iris Marquardt Foundation which has awarded the Iris Marquardt Prize, one of the most highly endowed music prizes in Baden-Württemberg, to highly talented young musicians at the Trossingen University of Music every year since 1997.

In the reporting period, Marquardt also provided financial support to several social institutions, including the Weisser Ring organisation in Tuttlingen, the outpatient children's and youth hospice service in the district of Rottweil and the Tuttlingen and Trossingen food banks. In spring 2022, the family business collected more than 30,000 euros as part of an employee fundraising campaign and donated the money to aid projects run by the organizations CARE Deutschland e. V. and Initiative Chance für Kinder e. V.; both organizations provide emergency aid for people affected by the war in Ukraine.

Marquardt also implements a wide range of sustainability initiatives at its locations outside Germany - within the company as well as beyond its factory gates. The measures range from health and sports days for employees, to donations for hospitals and educational institutions, to waste collection and tree planting campaigns.





# PRODUCT & ROAD SAFETY

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# INNOVATION AND DEVELOPMENT

Marquardt focuses on the continuous development of innovative ideas and product solutions. Around ten percent of the company's turnover is invested in research and development, with sustainability playing a key role. Environmental and sustainability aspects are already taken into account in the product development phase (PEP). Projects and activities are divided into two main areas.

The continuous development and research of new materials require constant monitoring of innovations on the market.

**The development of sustainable materials and their CO<sub>2</sub> neutrality in particular has experienced an enormous boost in recent years.**

**The use of these materials is regularly tested and validated in innovation projects for potential series use. One new challenge, for example, is the integration of real materials such as wood.**



On the one hand, this requires new processes and, on the other, it raises the question of how a sustainable material can be combined with a sustainable carrier material. The use of recycled plastics, which has been used in series production for years, is just one of many possibilities here. The use of plastic waste as filter granulate is also currently being investigated. Many products are then painted; more sustainable paints that save energy during the process, for example, are currently being prepared for series application.

In addition to the material-oriented topics, Marquardt also concentrates on conceptual approaches that are intended to increase the efficiency of systems and fundamentally reduce the CO<sub>2</sub> consumption of vehicles. In recent years, for example, the focus has been placed on climate-friendly heating systems for electric vehicles with the help of new production processes.

Printed heating structures are integrated directly into surfaces and heat them. The surfaces emit the heat through radiation and direct contact, so that the best possible use of energy is achieved for heating the air. This solves the problem of the lack of waste heat from a non-existent combustion engine in an electric car. Instead, the contact surfaces to the occupants in the vehicle are heated, which remain warm even when cold air flows in from outside (when opening windows, etc.) and therefore do not have to be heated up again. At the same time, this type of heating system greatly reduces the weight, which also helps to maximize the range of electric vehicles. The weight of an entire air conditioning system is currently around 20 kg. A heating foil as described, however, weighs significantly less than 1 kg with cabling and electronics and can be scaled to almost any size.





# CUSTOMER HEALTH AND SAFETY



With its products, Marquardt is represented in all important markets of the automotive supply industry as well as in the switch and application sector of other industries, so that many people around the world come into contact with products from the mechatronics specialist every day. Marquardt therefore does everything in its power to avoid potential risks, disadvantages and hazards to the health and safety of its customers and end users, as well as to the environment as a whole. Marquardt's business partners must comply with the standards, legal and official regulations applicable to their products, for example the requirements of **REACH1** and **RoHS2** as well as product and information security standards. Should unforeseen deviations from the required standards occur, Marquardt requests its business partners to initiate suitable countermeasures immediately.

Marquardt will not tolerate any security risk, even at the level of information security. If security risks are identified, measures must be introduced to prevent errors. Risk analyses in the form of FMEAs (Failure Mode and Effects Analysis) are carried out during product development in order to identify and exclude risks in the product and in the upstream production process at an early stage. All products that Marquardt has developed in the last twenty years have been subjected to this analysis, meaning that the degree of coverage here is 100 %. There were no recalls in the reporting period, which proves the effectiveness of the process.

Safety-relevant components are developed in accordance with the applicable safety standards, for example **ISO 26262** for E/E products and **ISO/SAE 21434** for (cyber) security. Even during the development phase, Marquardt products are extensively tested and stressed as part of the validation process in the development departments and in-house test centers. Only products that successfully pass these extensive tests are approved for series production and delivery to the customer.

In the Marquardt Group's production, quality assurance measures in the various production stages ensure reliable detection and preventive avoidance of errors.

Marquardt also has the ability to monitor products for potential vulnerabilities in the field, assess potential vulnerabilities and respond to actual vulnerabilities accordingly. This means that the company is already prepared for future requirements, such as the upcoming EU Cyber Resilience Act. With regard to penetration tests, Marquardt works with suitable test providers whose staff have the relevant experience and qualifications. Only products that successfully pass these extensive tests are approved for series production and delivery to the customer.

In order to constantly monitor and guarantee the installed safety processes, so-called "Product Safety Representatives" are appointed, who report directly to the Management Board in this function.





FOREWORD

COMPANY  
PORTRAIT

LEGAL FORM  
AND OWNERSHIP  
STRUCTURE

SUSTAINABLE  
CORPORATE  
GOVERNANCE

EMPLOYEES  
AND SOCIETY

..... **PRODUCT AND  
ROAD SAFETY**

ENVIRONMENTAL  
AND CLIMATE  
PROTECTION

SUSTAINABILITY  
ALONG THE  
SUPPLY CHAIN

ABOUT THIS  
REPORT

# PROTECTION OF CONFIDENTIAL INFORMATION AND DATA



Marquardt believes that the security of data and IT systems is part of corporate responsibility. Marquardt has committed itself to protecting the information and data entrusted to the company and to respecting privacy to the highest degree.

Marquardt always uses the personal and company-related data of employees, customers, suppliers and other persons affected in accordance with the applicable laws and regulations. The company processes personal data for specific purposes and in accordance with the principles of data avoidance and data minimization.

Protecting the personal rights and privacy of each individual not only ensures legal compliance, but also forms the basis of trusting business relationships. Marquardt attaches great importance to ensuring that business partners also comply with the applicable data protection regulations and standards. Marquardt ensures this through its "Code of Conduct for Suppliers and Business Partners" and through contractual obligations and checks on suppliers. An internal data protection audit was carried out across Europe from the end of 2022 to the beginning of 2023. In 2022, Marquardt had two data protection incidents with a low risk rating, which were identified, documented and remedied internally.

The Marquardt Group's aim is still to ensure a uniform standard in the handling of personal data at all locations worldwide. In the Marquardt Group, data protection coordinators at various locations work closely together to ensure compliance with the data protection requirements applicable in each country. This is done in accordance with the European General Data Protection Regulation (EU GDPR) and under the supervision of the external Group Privacy Officer, who reports directly to the Management Board once a year.

The central data protection team at Marquardt consists of the central data protection coordinators, the Chief Information Security Officer (CISO), the IT Security Officer (ITSO) and the Cybersecurity Manager for Products (CSM). It meets regularly to formulate and implement the necessary measures.

Marquardt Group employees will continue to be provided with the necessary information so that they can continue to fulfill their responsibility for information security and data protection.

**Through recurring training courses and an updated data protection policy, Marquardt ensures that data protection and information security are not only required, but also practiced in the company.**

At the Rietheim-Weilheim, Ictershausen, Veles, Sibiu, Tunis, Irapuato, Shanghai and Weihai sites, Marquardt was certified according to TISAX (Trusted Information Security Assessment Exchange) in 2022. The implementation of this ISO 27001-based standard for information security demonstrates Marquardt's commitment to information security and data protection.



# ENVIRONMENTAL AND CLIMATE PROTECTION

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# ENVIRONMENTAL AND CLIMATE PROTECTION

The industrial sector faced numerous challenges in the reporting period, especially automotive suppliers such as the Marquardt Group. The effects of the corona pandemic, including the chip crisis and material shortages, have put additional pressure on the industry. The automotive sector is facing major challenges in terms of climate and energy management and therefore the need for sustainable development. The Marquardt Group is aware of the importance of these issues and is taking proactive steps to address them in line with the expectations of its stakeholders.

The energy crisis and in some cases massive price increases as a result of the Russian war of aggression against Ukraine, as well as the growing demand for regenerative and renewable energy sources, have underlined the importance of efficient energy management for the Marquardt Group. By implementing energy efficiency measures at all production sites worldwide and optimizing operating processes, Marquardt aims to further reduce energy consumption and environmental impact.

The increasing focus on sustainable development and the need to implement effective measures to combat climate change have made climate management an integral part of the Marquardt Group's activities. Energy and climate management are not only important for the company internally. Customers, investors and supervisory authorities are increasingly demanding sustainable practices and transparency with regard to energy consumption and CO<sub>2</sub> emissions. By placing a high priority on energy and climate management, Marquardt is strengthening its reputation as a trustworthy partner committed to environmental protection. In addition, the company's proactive approach in these areas promotes long-term partnerships and creates opportunities for collaboration with stakeholders who share similar values and goals.

The Marquardt Group's response to the challenges of the energy crisis underlines its commitment to responsible business practices. By focusing on efficient energy management and reducing emissions, Marquardt is not only increasing its operational efficiency and resilience, but also strengthening its relationships with stakeholders who care about sustainability. Through these efforts, the Marquardt Group is taking an active role in the transition to a more sustainable and low-carbon future.

# ENERGY TASK FORCE

After the start of the Russian war of aggression against Ukraine and the resulting sharp reduction in energy imports and potential energy shortages in Germany and the EU, Marquardt set up the "Gas and Power Supply Outage Contingency Plans" task force, or the "Energy" task force for short, at an early stage.

The initial focus was on the German and European production sites, as these were the most affected by the sanctions and the volatile incidents on the European energy market. As part of this interdisciplinary task force, various organizational and technical measures were defined and implemented in order to provide the best possible protection in the event of an energy shortage or even a gas or power outage.

In addition to the expansion of the emergency power grid and the procurement of additional mobile generators, three containerized pellet heating systems are being procured and installed for the production sites in Rietheim-Weilheim and Ichtershausen. The pellet heating system will be used in future to cover basic needs during the heating period.

On the one hand, this reduces dependence on fossil fuels and their imports and adds an alternative fuel. On the other hand, it significantly reduces Scope 1 emissions at the relevant locations.



# FOCUS TOPIC

## "SAVING ENERGY"

The "Saving Energy" initiative has defined measures in the production and office areas, especially at the German sites, to save energy wherever possible. The "energy managers" appointed by the departments serve as multipliers to communicate the measures within the departments and ensure that they are implemented. In addition to lowering the room temperature in the heating period and raising the room temperature in the cooling period, the focus was on reducing the base load.

The implementation of the German Ordinance on Securing Energy Supply via Measures Effective in the Short Term (EnSikuMaV) and the Ordinance on Securing Energy Supply via Measures Effective in the Medium Term (EnSimiMaV) at Marquardt is and has been coordinated by the "Energy" task force and the focus topic "Saving Energy".

### ENERGY MANAGEMENT

In view of the continuous development of the energy market and the unstable global economic and political situation, it is very important for Marquardt to gain an even better understanding of its own energy consumption and energy costs in order to develop suitable strategies and measures to improve the company's energy performance.

The Marquardt Group has implemented its own Energy Management Competence Center (EMCC). One of its tasks is the global introduction of an energy management system that aims to meet sustainability requirements. To ensure integrated and consistent energy management, the EMCC uses the "EnEffCo" energy controlling system. This system is used to record both calculation and real-time data from measuring equipment, which is then checked by the team for plausibility and quality. The EMCC is also responsible for creating local and global energy reports, which provide an insight into energy consumption trends, highlight opportunities for improvement and help to define energy efficiency measures and corresponding action plans.

The EMCC organizes training courses and workshops to raise awareness throughout the organization. These initiatives aim to improve the knowledge and understanding of sustainability and energy management among Marquardt employees, promote a culture of sustainability and empower each individual to contribute to the sustainability goals. By equipping employees with the necessary tools and knowledge, the aim is to achieve even greater effectiveness and make sustainability an integral part of the corporate identity.

The work of the EMCC shows that the Marquardt Group is active beyond the fulfillment of legal requirements and customer wishes. The company takes a forward-looking approach to environmental challenges, minimizes its ecological footprint and acts in a globally responsible manner.

### ELECTRICITY MIX

Thanks to the implementation of photovoltaic (PV) projects and the purchase of green electricity, the share of renewable energy in the Marquardt Group's total electricity consumption has increased to 33.5% in 2022. Over the next two years, this share will increase significantly again thanks to the purchase of green electricity in China and the installation of PV systems with around 1 MWp each at the sites in North Macedonia and the east of Germany.

The feasibility of independent power generation plants such as photovoltaic systems is regularly reviewed. The projects mentioned above illustrate the Marquardt Group's determination and willingness to install renewable generation systems and thus increase the proportion of renewable energy. In 2021, Marquardt introduced the purchase of green electricity at its German sites. A contract for offset certificates (i-RECs) was signed for the sites in Weihai and Shanghai from 2023. Furthermore, the site in Irapuato, Mexico, plans to switch to a provider with a significant share of green electricity from the second half of 2023.





ENERGY EFFICIENCY

In spring 2022, the Marquardt Group further intensified many energy-saving measures that were already in place and practised in the wake of the energy crisis. These include the use of waste heat potential, the use of energy-efficient systems and devices in production and building technology, the reduction of compressed air consumption and the minimization of standby consumption at weekends and on public holidays. In 2022, 122 projects were implemented worldwide to increase energy efficiency.

Each site has taken effective energy efficiency measures to achieve local energy and emissions reduction targets. At its production sites in Tunisia, China and North Macedonia, for example, the company focuses on improving the compressed air process by minimizing air leaks, improving compressor efficiency and reducing the pressure in the system. In addition, measures were taken at these locations to improve the cooling and heating systems.

The research, development and testing laboratories in India and the US focus primarily on raising awareness of energy efficiency and best practices, such as switching to LEDs and turning off lights and unused appliances after work, on weekends and days off.

GREENHOUSE GAS EMISSIONS

Through thorough analysis of carbon emissions, Marquardt has developed a comprehensive understanding of its emissions profile in order to identify key areas for improvement. The company has already taken measures to increase energy efficiency, to switch to renewable energy sources and to minimize emissions at its production sites.

As part of these efforts, the total carbon emissions for Scope 1 and Scope 2 are calculated using energy consumption data and local emission factors. Scope 1 includes direct carbon emissions from the on-site combustion of gas, fuel and oil, while Scope 2 includes indirect emissions from the generation of purchased energy such as electricity and district heating. The recording of Scope 3 emissions, which include all upstream and downstream processes, is planned for the 2023 reporting year.

MEDIUM-TERM AMBITIONS [2021 - 2026]



Electrical energy savings of 8 % compared to the base year 2020

**8 %**  
≈ 8.1 GWh



Thermal energy savings of 44 % compared to the base year 2020

**44 %**  
≈ 10.3 GWh

Base year: 2020

Energy

- Savings of around 8,109643 kWh of electrical energy, which corresponds to around 8 % of consumption in the base year 2020.
- Savings of around 10,328816 kWh of thermal energy, which corresponds to around 44 % of consumption in the base year 2020.



Scope 1 CO<sub>2</sub> emissions: avoidance of 38 % compared to the base year 2020

**38 %**  
≈ 1.919 tCO<sub>2</sub>

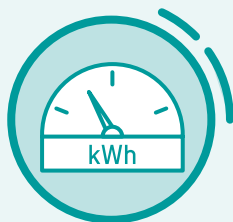


Scope 2 CO<sub>2</sub> emissions: avoidance of 52 % compared to the base year 2020

**52 %**  
≈ 16.744 tCO<sub>2</sub>

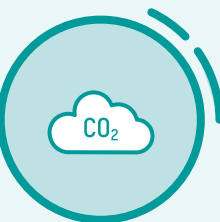
Carbon emissions

- Avoidance of Scope 1 emissions by 1,919 tCO<sub>2</sub>, which corresponds to around 38 % of emissions in the base year 2020.
- Avoidance of Scope 2 emissions by 16,744 tCO<sub>2</sub>, which corresponds to around 52 % of the emissions in the base year 2020.



Electrical and thermal energy savings:

**11 GWh**



Scope 1 & 2: Avoided CO<sub>2</sub> emissions

**12.000 tCO<sub>2</sub>**

Savings realized

The implementation of the medium-term targets since 2021 has resulted in the following savings:

- The energy savings amounted to around 11 GWh, which corresponds to around 9 % of consumption in the base year 2020.
- Avoidance of around 12,000 tons of CO<sub>2</sub> for Scope 1 and 2 emissions, which accounts for around 32 % of CO<sub>2</sub> emissions in the base year 2020.



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## FUTURE PROJECTS

New requirements such as the Corporate Sustainability Reporting Directive (CSRD) and the Taxonomy Directive will create regulations that provide a clear roadmap for the further integration of sustainability into business procedures and decision-making processes.

The Marquardt Group has initiated two important projects in this context: The first project focuses on calculating the CO<sub>2</sub> footprint of the entire Group. Following the guidelines of the internationally recognized Greenhouse Gas Protocol, carbon emissions are to be comprehensively measured in all areas and recorded for reporting purposes. The project will provide important insights into the carbon footprint and enable Marquardt to identify hot-spots, set reduction targets and develop effective strategies to minimize the environmental impact.

The second ongoing project focuses on the introduction of a robust KPI framework for the management of sustainability performance within the Marquardt Group. This framework aims to streamline the process of monitoring and measuring key sustainability indicators at individual sites. By defining clear KPIs, implementing consistent data collection and reporting mechanisms and using software solutions, Marquardt will optimize its ability to track progress, identify areas for improvement and promote sustainable performance across the company.

In addition to these ongoing projects, the Marquardt Group is continuously exploring new ways and initiatives to further strengthen its commitment to sustainability. The company actively collaborates with industry associations, research institutions and other stakeholders to stay informed about new trends, best practices and technological advances in the field of sustainability. By leveraging this knowledge, new opportunities for innovation can be identified, environmental performance can be improved and the transition to a more sustainable future can be supported.

**The Marquardt Group firmly believes that sustainability is not only a corporate responsibility, but also a driver for long-term success and resilience.**

By proactively implementing the CSRD and taxonomy requirements and carrying out these ongoing projects, the aim is to ensure that sustainability is firmly anchored in the corporate strategy, procedures and decision-making processes. Marquardt strives to have a positive impact on the environment, society and the well-being of future generations.



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# INVESTMENTS IN SUSTAINABLE MOBILITY

Marquardt continued to expand its infrastructure for electric mobility at the Rietheim-Weilheim, Böttingen and Trossingen sites during the reporting period.

There are now 58 charging points for electric vehicles in operation and a large proportion of the fleet and company cars have already been converted to electric vehicles.

Part of the expansion was carried out in the framework of the nationwide joint project for grid-supportive charging using artificial intelligence, "KI-LAN". Marquardt is now also involved in the nationally funded joint research project "BiFlex-Industry" with 13 consortium partners on the topic of "bidirectional charging in the industrial environment". The company is focusing on the application "Bidirectional fleet vehicles in industrial operations" and will build corresponding AC and DC charging stations and integrate them into its energy network.

**The primary aim of the BiFlex-Industry project is to develop the potential of regenerative vehicle fleets for operators and the electricity system as a whole.**



The specific benefits of regenerative vehicle fleets for companies and energy industry business models are to be identified and demonstrated. Companies and the overarching electricity system are to be optimized in order to make them economically and technically usable as a nucleus for fleet power plants.

A demonstration site for bidirectional charging is being realized at Marquardt's headquarters in Rietheim-Weilheim, with a focus on the requirements, framework conditions and restrictions of an industrial operation, particularly with regard to economic efficiency. Marquardt uses commuter and factory traffic. The aim is to work with grid operators to develop industrial electricity tariff models that promote grid-friendly consumption (e.g. in the vehicle fleet) with high yields of wind and solar energy.

Marquardt is already able to control the energy generated by a combined heat and power plant and photovoltaics and stored using a stationary battery to serve the grid; however, self-consumption has so far predominated, which is why a net feed-in has not yet taken place.

The bidirectional vehicles are divided into classically bookable pool vehicles of the company, which are used for individual business trips, and vehicles of employees with company cars for business and private trips. This type of use is very similar to private vehicles. The aim of the project is to determine which type of vehicle use offers the greater potential for "bidirectional" use in terms of the capital employed.

# ACCELERATING DECARBONIZATION TOGETHER

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In addition to the combined heat and power plant (cogeneration) at Marquardt's headquarters, the company invested in a new base load boiler for pellet operation in 2023 to partially replace fossil fuels.

Together with another industrial company, the Rottweil and Freudenstadt municipal utilities as well as the district and town of Freudenstadt, Marquardt is participating in the "ReduCO<sub>2</sub>" joint project of the "H2BlackForest" lighthouse project. This is an initiative funded by the state of Baden-Württemberg as part of the "RegioWIN 2030" competition.

"ReduCO<sub>2</sub>" is used to collect and analyze information from various stakeholders, serving as the basis for flexible, situation-based energy models. This allows sustainable energy structures to be planned and simulated efficiently. At the end of the project, a software-supported application is to be developed that will provide a solid and scientifically sound basis for decision-making when investing in sustainable energy sources.

**The aim is to integrate the right  
energy technologies at the right  
time, in the right place and with  
the right performance.**





# CONSERVATION OF RESOURCES AND WASTE PREVENTION



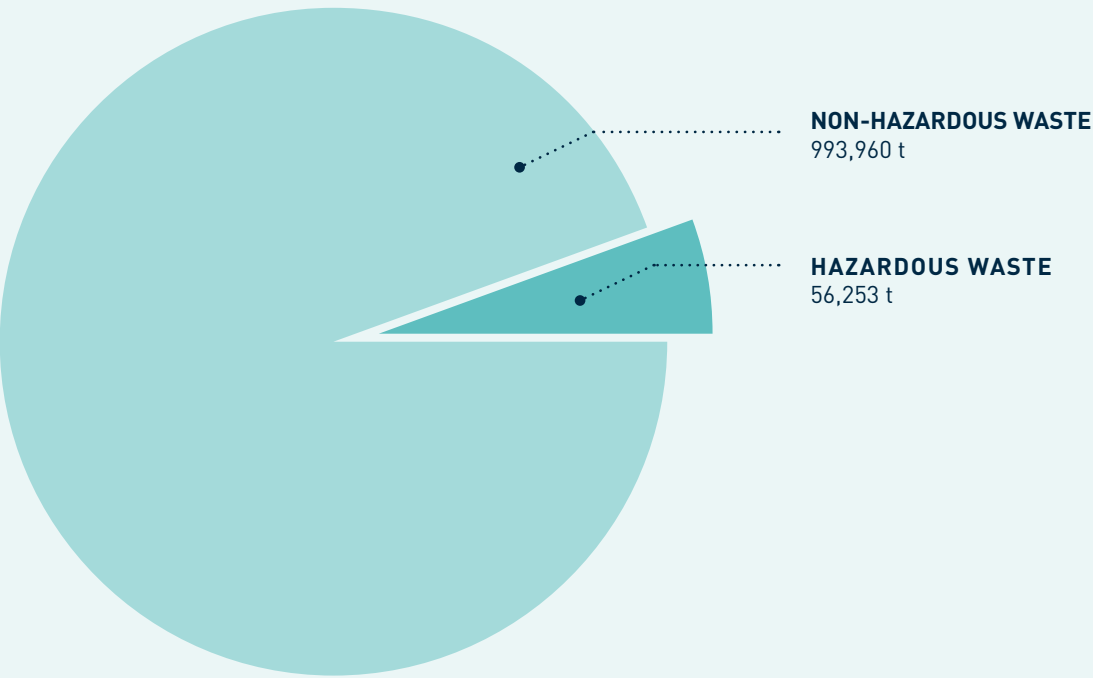
Resource efficiency is the key to waste avoidance at Marquardt. The company takes care to minimize the amount of waste generated during production processes. Equally important is the unmixed separation of waste in order to increase the separate waste collection rate and ensure high-quality recycling of waste.

Only certified waste management companies are used at the German locations. Disposal audits are also carried out at regular intervals at these waste management companies. At the Rietheim-Weilheim and Böttingen sites, Marquardt operates an internal waste management system as part of the established environmental management system, for which appropriately trained and qualified personnel are responsible. Marquardt attaches great importance to training its employees with regard to waste avoidance and correct waste separation. To this end, information flyers were distributed to all employees and compliance with the measures listed there was randomly checked by means of inspections in the individual departments.

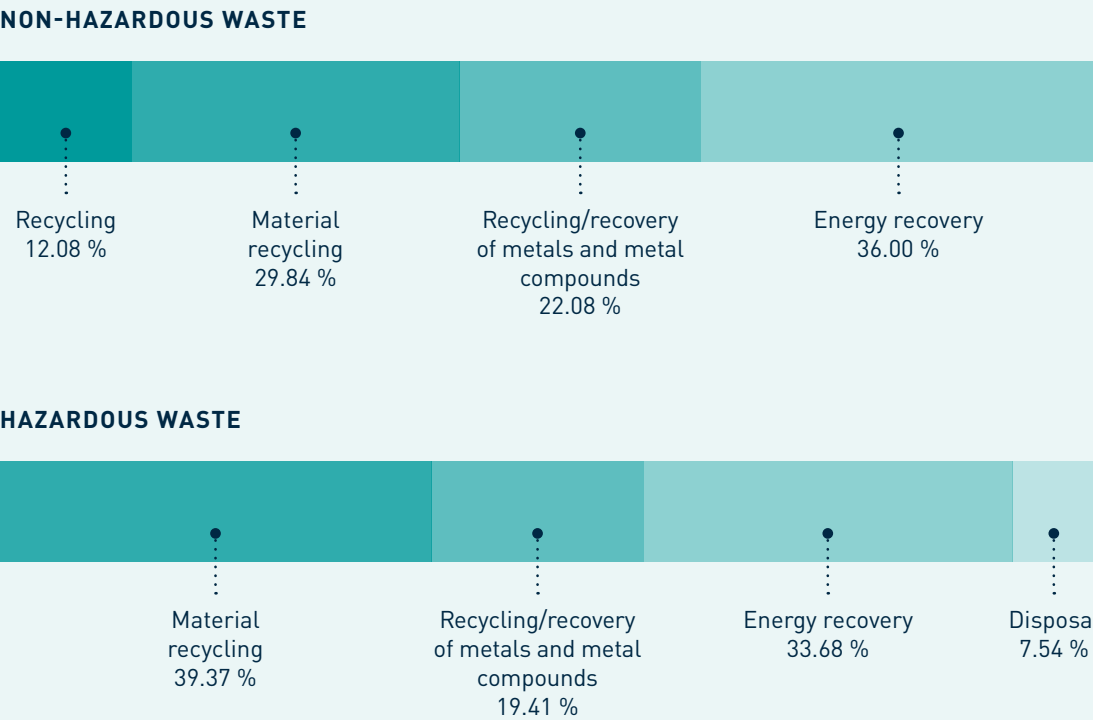
In order to always have an overview of individual waste fractions, their origin and corresponding recycling processes, Marquardt has a waste ABC. The data obtained from this is reported to the Management Board and is also incorporated into the determination of key figures and target tracking in the environmental management system as well as in the statutory commercial waste ordinance.

The tracking of internal environmental targets relating to waste is ensured on a quarterly basis via the department-specific energy, environmental and occupational health and safety programs (EEHS programs).

QUANTITIES OF WASTE TYPES GENERATED AT THE  
RIETHEIM-WEILHEIM AND BÖTTINGEN SITES (IN TONS) IN 2022



RECYCLING RATES OF THE TYPES OF WASTE GENERATED AT THE  
RIETHEIM-WEILHEIM AND BÖTTINGEN SITES (IN PERCENT) IN 2022





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# SUSTAINABILITY ALONG THE SUPPLY CHAIN

Protecting the environment is a responsibility for Marquardt that the company takes on permanently and as comprehensively as possible; even beyond the certifications it has received. This includes ensuring the best possible environmental compatibility and sustainability of its products. The company cannot achieve this goal alone, but only together with its business partners. Marquardt therefore expects its suppliers to ensure compliance with environmental protection laws and recognized environmental regulations, to always use ecologically compatible materials and technologies according to the latest state of the art and to make a sustainable contribution to reducing energy consumption, waste, CO<sub>2</sub> and noise emissions. In order to continuously improve, Marquardt is currently developing a globally valid and comprehensive due diligence process.

**When selecting new suppliers, it is a prerequisite that they meet certain ecological criteria, such as the use of materials from recycled sources or the avoidance of conflict minerals, which comply with the defined environmental and energy standards.**

In addition, a self-contained process has been established for the area of conflict minerals (CMRT). Furthermore, the area of conflict minerals is to be expanded beyond the legal obligation and all substances designated as "critical minerals", in particular cobalt and mica, are to be recorded in accordance with the requirements of the EMRT.

Marquardt also asks its business partners, for example, whether they have environmental certification in accordance with ISO 14001 and/or the energy management standards in accordance with ISO 50001. For defined business partners, the company ensures that the currently valid ISO 14001 and/or ISO 50001 certificates are always available.

Furthermore, all suppliers and business partners must indicate via the supplier portal JAGGAER/SAP that they have read and understood the "Marquardt Code of Conduct for Suppliers and Business Partners". The sustainability requirements contained in the Code of Conduct are also communicated to the supply chain via a reference in the General Terms and Conditions (terms of delivery and payment).

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 valid requirements wherever it can exert influence within and through the company. 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.

According to current knowledge, none of Marquardt's suppliers tolerate child labor or dangerous working conditions. Accordingly, Marquardt works to the best of its knowledge and belief exclusively with suppliers who do not practice forced labor with their employees. When selecting new suppliers, Marquardt also checks compliance with social criteria, which includes, for example, occupational health and safety certification in accordance with ISO 45001.

A comprehensive risk analysis and corresponding measures are planned for the future, also as part of the implementation of the Act on Corporate Due Diligence Obligations in Supply Chains. Marquardt takes its obligation to implement the UN Guiding Principles on Business and Human Rights and the protection of the ILO Core Labor Standards very seriously.



# PROCUREMENT AND PURCHASING

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Marquardt is a global family-owned company that operates in many countries around the world and has relationships with numerous suppliers and business partners. The Group Purchasing department is divided into non-production material and production material. The production material consists largely of individual components in the low-price range (<1 ct/unit), of which around one third is accounted for by electronic components and secondary by electromechanical components.

The company procures numerous raw materials and products (including aluminum/bauxite, cobalt, copper, glass (quartz sand), gold, graphite (natural), leather, lithium, mica, nickel, palladium, rare earth metals, steel/iron, tantalum, tin, tungsten, zinc) with a purchasing volume of around EUR 650 million per year from various suppliers.

Marquardt's supply chain follows an atypical A-B-C supplier structure with a flat top. The production material is sourced from around 700 Tier 1 suppliers from around fifty different countries of origin, including mainly local suppliers from Europe and Asia. In Africa, goods are only sourced from Tunisia and Morocco; no goods are sourced from South American countries. Many of the suppliers are to be classified as critical, as the components purchased are often tailored to Marquardt's customer-specific requirements. Changing suppliers would therefore be very time-consuming and cost-intensive.





# SUSTAINABLE PROCUREMENT

The Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which came into effect on January 1, 2023, aims to improve human rights conditions in the supply chains of German companies. From January 1, 2024, the Marquardt Group, as a company with more than 1,000 employees in Germany, will also be covered by the scope of the law in accordance with Section 1 of LkSG.

With the LkSG, the legislator standardizes various duties of care for companies such as

- the establishment of an effective risk management system
- the definition of an internal company responsibility
- the implementation of regular risk analyses
- the adoption of a declaration of principles
- the anchoring of preventive and remedial measures
- the establishment of a complaints procedure.

Continuous and transparent documentation and annual reporting on the fulfillment of these standardized due diligence obligations to the supervisory authority, the Federal Office for Economic Affairs and Export Control (BAFA), is also mandatory.

Following an initial identification of the stakeholders to be considered within the meaning of the LkSG, an internal screening for potential synergies was initiated. An annual process for jointly identifying the stakeholders to be considered and a joint stakeholder exchange, which is to be extended to all relevant stakeholders, is planned. In addition, the establishment of a uniform and comprehensive risk management system for all areas and reporting requirements is planned once existing processes have been identified.



In order to meet the requirements for the appointment of suitable and responsible persons within the company, the Marquardt Group decided to set up a "Social Compliance Team" consisting of the "LkSG / Human Rights Violations" departments, "Compliance" and "Environment/Energy/Waste Issues" in order to meet the following requirements:

1. sound knowledge of the LkSG and the associated measures and processes
2. Sound knowledge of possible violations (Human and environmental rights)
3. Good networking within the company and in the compliance structure
4. Impartiality
5. Not bound by instructions
6. Sufficient time resources or implementation in previous area of responsibility

The expertise from the three areas ensures the supervision, control and monitoring of due diligence obligations as well as multidisciplinary intervention in the event of violations.

With regard to sustainable, socially and ecologically responsible procurement, the Marquardt Group's purchasers worldwide are being trained in the new requirements. Furthermore, an escalation model developed specifically for these projects will be implemented for any violations identified within the supply chain and an annual risk analysis will be carried out.

In addition to the regulatory adjustments to the "Codes of Conduct for Suppliers and Business Partners", training courses and information materials are to be developed that also create visibility for the topic along the supply chain and through contractual adjustments.

Last but not least, in addition to the regulatory and informational innovations, good collaboration, co-operation and transparency with suppliers should continue to be cultivated in order to jointly ensure more sustainable, socially and ecologically responsible procurement along the entire value chain.





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# REPORTING PERIOD AND CONTENT

This sustainability report is the first report of the Marquardt Group (in the report "Marquardt"), which comprises Marquardt GmbH and its affiliated companies within the meaning of Section 15 et seq. AktG and relates to the reporting period from January 1, 2021 to December 31, 2022.

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

Our goal is to be economically successful and at the same time assume responsibility towards society and the environment. The initiatives and measures we are implementing to achieve this goal are described in excerpts in this report. Due to a lack of material changes in reporting, no corrections or restatements have been made compared to the last report. There was no external audit of the reporting.

# REFERENCE TO GRI STANDARDS

The Marquardt Group has reported the information specified in the GRI Index for the period January 1, 2021 to December 31, 2022 with reference to the GRI Standards. The principles of reporting in accordance with GRI 1 (accuracy, balance, comprehensibility, comparability, completeness, sustainability context, timeliness and verifiability) were complied with.

2-1, 2-6, 2-7, 2-9, 2-11, 2-12, 2-13, 2-14, 2-20, 2-22, 2-23, 2-25, 2-26, 2-27, 2-28 und 2-29 → [GRI 2: General disclosures 2021](#)

3-1, 3-2 und 3-3 → [GRI 3: Material topics 2021](#)

202-1 → [GRI 202: Market presence 2016](#)

205-1, 205-2 und 205-3 → [GRI 205: Anti-corruption 2016](#)

206-1 → [GRI 206: Anti-competitive behavior 2016](#)

301-2 → [GRI 301: Materials 2016](#)

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