



Policy Statement on Social
Responsibility in the MAHLE Group

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Preamble

MAHLE has always regarded internationalization as part of its corporate strategy, as it offers the company and its employees tremendous opportunities. This international approach also comes with a social responsibility to ensure humane working conditions globally.

By adhering to the following principles, MAHLE supports the protection of human rights in a globalized world and views this as a contribution to the preservation of social peace. As a foundation-owned company, MAHLE is particularly committed to these principles and the values they express and considers compliance with them as indispensable for a corporate culture geared towards sustainability.

The principles described below are based on the core labor standards of the International Labor Organization (ILO).¹ MAHLE is also committed to complying with the United Nations Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

These principles apply to all companies and locations of the MAHLE Group. They will be communicated to the employees in the form customary at the respective locations. We will continuously develop these principles.

Wherever this declaration refers to “employees”, this includes all staff and managers.

Our commitment to respecting human and environmental rights

MAHLE is committed to respecting internationally recognized human rights. Based on our risk analysis, we focus our due diligence processes on the following topics:

Human rights

- We undertake to provide our employees with equal opportunities and to refrain from any form of discrimination. Employees will not be treated differently on the grounds of gender, ethnic or cultural origin, religion, political views, nationality, membership of an employee organization, disability, age, or sexual orientation without justification. In this regard, the specific national legal provisions and criteria apply, provided that their application does not constitute a violation of the core labour standards of the ILO.
- Employees aren't disadvantaged because of their membership in a labor union or company employee representation body.
- Employment in the MAHLE Group is voluntary. We reject forced or compulsory labor.

¹ ILO Convention Nos. 29, 87, 98, 100, 105, 111, 138, 182 and Protocol of June 11, 2014 to ILO Convention No. 29.

- We respect the dignity of children worldwide and promote their health and uninhibited development. MAHLE is therefore committed to the effective abolition of all forms of child labor.
- MAHLE assures that the deployment or commissioning of security forces does not result in human rights violations.
- In all our business activities, we ensure that the livelihoods and health of local communities and indigenous peoples are not adversely affected. For MAHLE, observing the prohibition of unlawful eviction as well as the prohibition of unlawful deprivation of land, forests and waters in the acquisition, development or any other use of land, forests and waters is a matter of course.

Working conditions

- MAHLE complies with the legally applicable standards for appropriate working conditions and does not tolerate coercion, harassment, or bullying in the workplace.
- We promote health and safety at work and see this as a contribution to the creation of humane working conditions.
- Compliance with the respective national legal regulations and valid agreements (including collective agreements) on working hours, remuneration, regular recreational leave and data protection is guaranteed. In particular, MAHLE guarantees the payment of an appropriate wage that corresponds at least to the minimum wage stipulated by applicable law and is otherwise determined by the law of the place of employment.
- MAHLE is committed to the principle of equal pay for equal work, regardless of gender.
- MAHLE actively promotes the qualification of its employees as a contribution toward their employability and personal development, in addition to this being a prerequisite for high-quality products and services that offer substantial customer benefits.

Cooperation with employees and their representation bodies

- We strive for good cooperation with all employees and respect their right to freedom of association.
- We respect the fundamental human right of individuals to form labor unions, and do not prevent people from exercising this right or hinder their personal freedom of choice. The company recognizes the right to collective bargaining.
- MAHLE strives to provide information and encourage involvement and participation in its cooperation with all employees in order to foster personal development and motivation for mutual benefit. Leadership behavior and rules regarding the interaction of employees are based on this principle.

- MAHLE strives for constructive cooperation with all employees as well as with employee representation bodies within the framework of the nationally or regionally applicable provisions—provided that these are in accordance with ILO Convention No. 98. Even when disputes arise, our goal is to find amicable solutions and ensure lasting cooperation based on trust.

Environmental protection

MAHLE fulfills its social responsibility and reconciles the interests of the company not only with the expectations of its employees, but also with environmental concerns.

Therefore, in addition to human rights, we also observe environmental due diligence obligations both in our own business area as well as with regard to our suppliers and business partners and comply with all applicable laws and regulatory requirements—in particular with regard to the handling of hazardous substances and the environmentally sound collection, storage, recycling and disposal of waste² as well as with regard to the avoidance of harmful environmental effects such as soil changes, water pollution, air pollution, noise emissions or excessive water consumption.

Our approach to implementing human rights and environmental due diligence

Responsibilities

MAHLE has defined clear responsibilities for fulfilling and complying with our human rights and environmental due diligence obligations.

At the top executive level, the Management Board of MAHLE GmbH is responsible for ensuring that human rights and environmental due diligence obligations are adhered to in all our business activities.

A central working group consisting of employees from the Purchasing, Legal/Compliance, Sustainability/Occupational Safety/Environmental Protection and Human Resources departments has been set up to implement these due diligence obligations operationally.

Human rights and environmental due diligence obligations at MAHLE are monitored by the Sustainability Steering Committee, a body for human rights and environmental protection that has a multidisciplinary staff and is located directly below the Management Board.

The Sustainability Steering Committee reports to the Management Board of MAHLE GmbH at least once a year and additionally on a case-by-case basis. The main content of the reporting includes human rights and environmental results from our risk analysis, information and take-aways from the complaint procedure and information on the effectiveness of our preventive and remedial measures.

² Minamata Convention on Mercury of October 10, 2013, Stockholm Convention on Persistent Organic Pollutants (POPs) of May 23, 2001, and Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of March 22, 1989.

Risk analysis

In order to act responsibly and sustainably, we need to know the risks and impacts of our business activities on people and the environment along the entire value chain.

We therefore carry out risk analyses annually as well as on an ad hoc basis in our own business area and at our direct suppliers, i.e. in the event of significant changes or expansions in the exposure to risk in the supply chain, for example through the introduction of new products, projects or a new business area.

The following groups of people whose human rights could potentially be affected by business activities along our global supply chain are primarily considered:

- own employees of MAHLE GmbH, including all employees of Group companies over which MAHLE GmbH has a decisive influence;
- employees of our direct suppliers.

If we have actual indications that suggest that a violation of a human rights or environmental obligation at indirect suppliers may be possible, we also include our indirect suppliers and their employees in the analysis.

As a first step, we rely on external data sources for our risk analysis, both for our supply chain and for our own business area, which are used to determine country, sector and product group risks. This data is evaluated and weighted using the legally prescribed adequacy criteria of severity, probability of occurrence and influence in order to gain insights into the abstract risk exposure of the MAHLE legal entities and our suppliers.

Based on the takeaways of this overall risk assessment, in a second step we carry out a more detailed analysis of human rights and environmental risks using questionnaires and audits in order to identify specific risks and actual negative effects. Insights gained from the processing of information within the framework of our complaints procedure are also taken into account in the risk analysis.

The results of the risk analysis feed into our corporate decision-making processes—in particular with regard to the selection of suppliers and business partners—and form the basis for the identification of appropriate measures.

Preventive measures

In order to sensitize all our employees to human rights and environmental due diligence obligations and to provide the necessary knowledge in the relevant business units for the effective implementation of our human rights strategy, we carry out regular training in our own business area.

Based on risk-based training and communication concepts, we also work with our direct suppliers to fulfil their contractual obligation to comply with our human rights and environmental expectations.

Remedial measures

If we determine that one of our direct suppliers has violated or is about to violate human rights or environmental obligations, we will immediately take remedial action to prevent, end, or minimize the extent of the violation. In our own business area, the remedial action must bring the violation to an end.

If we have actual indications that suggest that a violation of a human rights or environmental obligation at indirect suppliers may be possible, we first counter this with an incident-related risk analysis. If, as part of this risk analysis, we determine that an indirect supplier has violated or is about to violate human rights or environmental obligations, we will, as far as legally and factually possible, immediately initiate appropriate remedial measures to prevent, end or minimize the extent of the violation.

Depending on the severity of the infringement, we reserve the right to request our business partners to immediately remedy the infringement, to temporarily suspend the business relationship or, as a last resort, to terminate the business relationship.

Complaints procedure

To report possible violations of human rights and environmental due diligence obligations in its own business area and along the entire supply chain, MAHLE has set up a complaint management system that is open to all employees, business partners and third parties. Information can be submitted in person, via the digital reporting channel, by e-mail or mail.

The digital reporting channel provided is available in various languages and also allows anonymous reports to be submitted. Whistleblowers are guaranteed protection against discrimination or any other reprisals in connection with the complaints they submit.

MAHLE is committed to the fair and transparent processing and review of reports and to taking necessary measures. All relevant process steps, contact addresses and responsibilities are regulated in the [“External Rules of Procedure for the Human Rights and Environmental Protection Complaints Procedure”](#). Improper conduct will be sanctioned by appropriate measures.

The complaints mechanism is reviewed at least once a year and on an ad hoc basis and will be amended if necessary.

Reporting

In our annual report to the German Federal Office for Economic Affairs and Export Control (BAFA), we provide information on the fulfilment of our human rights and environmental due diligence obligations. This report is published on our website.

We also report annually on our human rights and environmental goals and measures within the scope of sustainability reporting at Group level.

Our expectations of our employees and suppliers

When it comes to compliance with these principles, the Management Board and executives of the MAHLE Group bear a special responsibility. They must take reasonable steps to ensure that no violations of legal regulations, internal guidelines, or these principles occur within their area of responsibility that could have been prevented or impeded by the proper fulfillment of supervisory and organizational duties. They must also ensure that any violations are detected, investigated, and remedied. However, this does not release the employees from their own responsibility.

All employees must be accountable for their own personal conduct. They are obligated to comply with the principles set forth in this document. In addition, the [“MAHLE Business Code”](#) serves as a behavioral guideline for the lawful and regulatory behavior of employees and lays the basis for ethical principles within the MAHLE Group. MAHLE reserves the right to take action under labor law in the event of violations.

In our [“Sustainable Purchasing Policy”](#) and [“Conflict Raw Materials Guideline for Supply Chain”](#), we are committed to sustainable purchasing practices and define requirements for our suppliers in order not to use raw materials from conflict regions. MAHLE will not do business with suppliers who persistently refuse to adhere to the principles outlined above. Suppliers must undertake to comply with these principles as part of the MAHLE Supplier Code of Conduct.

Compliance with the principles set forth in this document and the effectiveness of our due diligence processes is verified by means of regular and ad hoc audits conducted by the Corporate Internal Audit (CA).

MAHLE Management Board

