MARELLI

Where **innovation** meets **sustainability**

Sustainability Report 2022

Transforming the future of mobility for a safer, greener and better-connected world

Marelli is one of the world's leading global independent suppliers in the automotive sector. With a strong and established track record in innovation and manufacturing excellence, our mission is to transform the future of mobility through working with customers and partners to create a safer, greener, and better-connected world.

Our mission

To transform the future of mobility through working with customers and partners to create a safer, greener, and better-connected world.

Our business

50,368
employees worldwide[1]

170
countries covered by our business

JPY 1,337Bn
generated in revenues (€9.7Bn) in 2022

169
sites included in the Sustainability Report

Our attributes

Drive results
We are determined to achieve impactful and sustainable results

Accountable
We own the responsibility for actions and results of our organization

Entrepreneurial
We take the lead to invest in our future with an outside-in view

Aware
We are conscious of the impact of our behaviors and are authentic in our interactions

Inclusive
We engage the hearts and minds of our diverse team to achieve stretch goals

Innovative
We are willing to do it differently to achieve a better result

1 At the end of 2022.

About this report

This is our fourth Sustainability Report ('this Report'). The Report covers the period from January 1, 2022 to December 31, 2022 (the 'reporting period') and captures Marelli's sustainability achievements in the reporting period. It's published in English and Japanese. This Report has been prepared considering the GRI Standards.

Read more on page 55

See more pictures of activities at
www.instagram.com/marellitech

Contents

Opening/About Marelli **1**
Opening letter from CEO 3
About Marelli 5
Sustainability highlights 6
Sustainability at Marelli 7
Materiality assessment 9
Stakeholder engagement 11

To find out more please go to marelli.com

Advanced mobility and our innovation **13**
Technology vision of mobility megatrends 14
Innovation strategy 17
Innovating for sustainability 19

Responsible corporate citizen **35**
Governance 36
Compliance 38
Respect for human rights 39
Risk management 40
Data responsibility 41
Sustainability in supply chain 42

About this report **55**
Materiality matrix review 56
Table of GRI standards 57
About this report 75

Sustainability of our operations **21**
Climate change risks and opportunities management 22
Climate change action & energy management 22
Environmental management 25
Water 28
Occupational health & safety 30
Product safety & quality 32

Marelli people **45**
Employee engagement 46
Employee training and development 47
Diversity & Inclusion 49
Labor relations 51
Employee well-being 52
Social contribution 53

Always innovating

Making a difference to create long-term value for all.

@Marelli we are on a sustainability journey, our people are partnering with customers and suppliers to address the urgency of climate change, the importance of social equity and the opportunities of a circular economy along our value chain.

Our drive for operational efficiency, supply chain integrity, innovation and growth are deeply rooted in sustainability.

During 2022, we refined our priorities and improved ESG measurability to include our supply chain. ESG is now more embedded in our governance and a standing agenda item at our board meetings.

Climate action

We are working toward net-zero commitments for our operations and supply chains by at latest 2045 and are defining sustainability targets for all projects along the life cycle. Close collaboration with our customers and suppliers is critical.

Our next priorities are to complete a robust carbon footprint assessment with more accurate data on our upstream Scope 3 emissions, and to commit to the Science-Based Targets Initiative. We are currently also conducting a climate change risk and opportunity assessment. We want to understand how climate change and water risks and opportunities impact our business in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Circular economy

We are committed to designing for sustainability – creating products that use fewer resources, are built to last and will be reused. We are engaging suppliers to develop solutions for a resource-limited planet. In 2022, Marelli also introduced a new Innovation Management Process to integrate life cycle thinking from the earliest stages of product design and in 2023 we will implement Design for Sustainability criteria. We are also committed to decoupling waste from growth in our operations.

Social impact

Human rights, fair labor conditions, health and safety as well as ethics are fundamental to all we do. In 2022, 54% of our sites were certified ISO 45001 compliant for Operational Health & Safety and we plan to exceed 90% by 2025. We are also relying on Artificial Intelligence to scan through more than 10,000 contracts with suppliers, customers, and other commercial partners, to detect instances of social risk.

ESG measurability

Comparable measurability is critical to all our operations and we work to align our practices to main ESG standards[1]. In early 2023, we became a signatory of the United Nations Global Compact and committed to its principles. We are committed to ensuring that nominated suppliers comply with defined ESG standards and we are partnering with them on defining shared plans to drive progress and continuous improvement in ESG together.

2022 from a sustainability perspective

The global semi-conductor shortage emphasized the importance of supply chain resilience[2]. Sustainability builds a more resilient supply chain and supplier localization is a great example: in 2022, we piloted an initiative in Brazil to increase local supplier capacity for metal components. This reduced exposure to exchange rate fluctuation and lead times making us more responsive to changes in market demand. It also helped reduce transport related CO_2 emissions. Of course, ensuring ESG compliance of our localized supply chains is key.

In 2022, we also made good progress on our plant consumption KPIs – for example, we increased renewable electricity to 26.5%, from 13.9% in 2021, and reduced water withdrawal intensity (liters per worked hours) by 11% in the same period.

1 The current report follows GRI-2021, GHG Protocol and the recommendations from TCFD. We rely on SDGs (for internal and public policies) and have started to consider CSRD by implementing the double materiality concept. Internally we are preparing our report process to address the SASB recommendations for auto-parts.

2 The COVID-19 pandemic increased the demand for semiconductor chips used in electronic devices, which caused supply chain disruptions in the automotive industry that uses these chips in several products.

People are another key priority. In 2022 we created the Women @Marelli network, which marked the start of broader diversity and inclusion initiatives. We have set a target of 25% women in leadership roles (director and above) by 2025 and established Gen M – a group of high potential Marelli team members who are working with our Group Executive Committee to define Marelli's path into the future and our purpose.

Innovation as key enabler

Innovation is about doing things differently to achieve better results. Co-Creating What's Next with our customers and partners evolved as a strategic priority in 2022, and we are passionate about integrating sustainability in our new technologies and solutions. Let me share an operational example:

Our new vehicle domain control units reduce a vehicle's weight and fuel consumption compared to older technologies. Its production consumes less carbon dioxide equivalents and requires less components, meaning less shipments. We are proud to be leading the field in this area.

Operationalizing sustainability is fundamental to Marelli, informing what products to develop, how we make them and who is in our supply chain.

We have a long way to go, but let me say a big thank you to the entire team @Marelli and all our partners for the progress we are making and invite you to join us on our journey @Marelli speed.

Yours sincerely,

David Slump, President and CEO Marelli

Highlights of the year

54%
sites certified ISO 45001 compliant for Operational Health & Safety in 2022

>90%
sites certified by 2025

26.5%
increase in renewable electricity use

11%
reduction in water withdrawal intensity

"Co-Creating What's Next with our customers and partners evolved as a strategic priority in 2022, and we are passionate about integrating sustainability in our new technologies and solutions."

About Marelli

In 2019, two leading automotive suppliers, Magneti Marelli and Calsonic-Kansei, joined to form one global brand: Marelli.

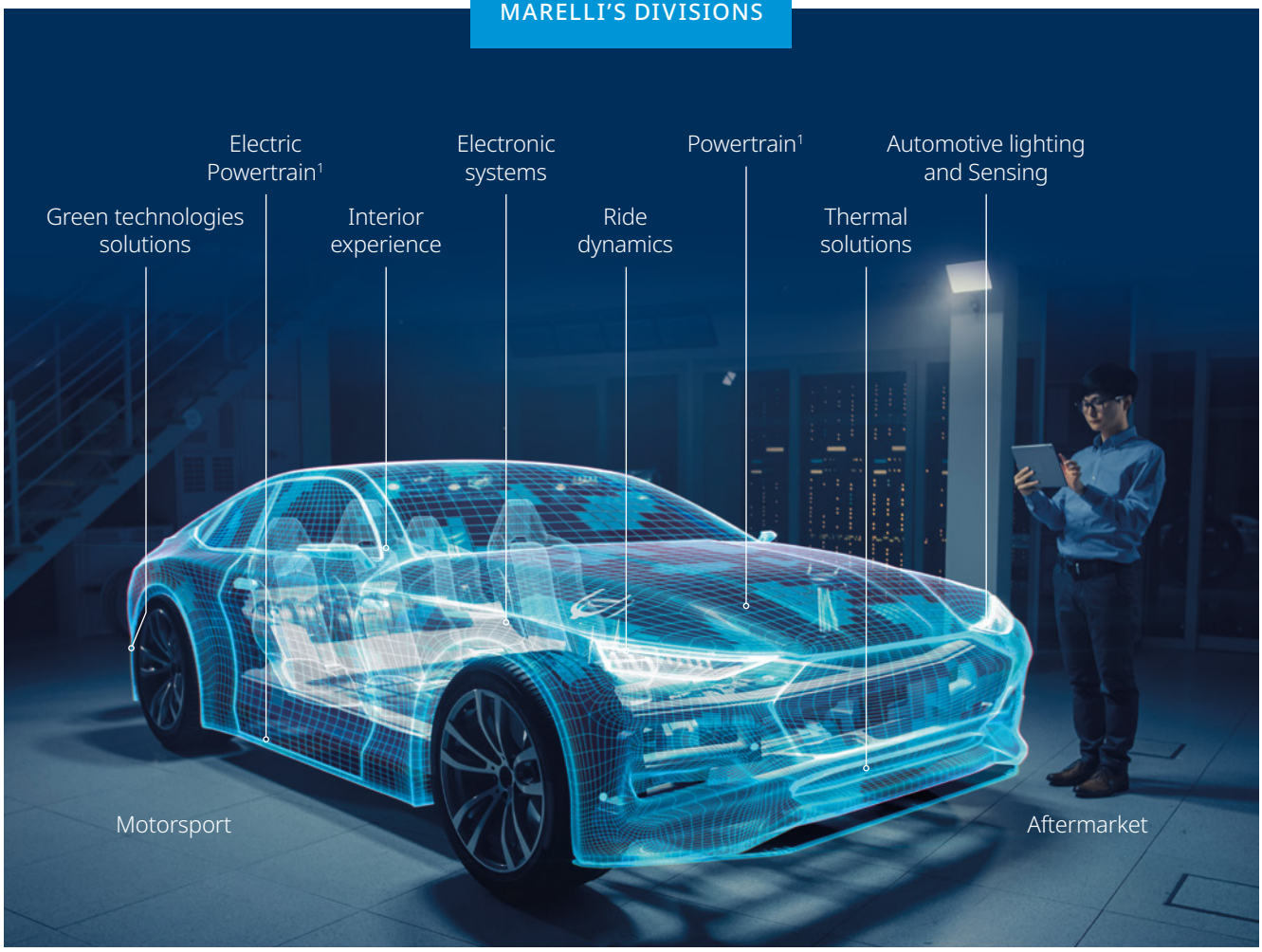
Our goal is to change the future of mobility by working with our customers and partners to create a safer, greener, and more connected world. Marelli supplies all major automotive manufacturers in Asia, Europe, and North and South America.

Our business areas are automotive lighting and sensing, e-powertrain, thermal solutions, electronics, green technology solutions, interior experience, powertrain, ride dynamics, motorsport, and aftermarket business. On January 30th, 2023, Marelli signed an agreement with First Brands Group to acquire our Independent Aftermarket division ('Aftermarket business'). At the end of 2022, Marelli employed 50,368 people worldwide, generating revenues of JPY 1.337 Bn (EUR 9.7 Bn) in 2022.

Data included in this edition of the Sustainability Report was monitored and tracked from 169 sites wholly or partially controlled by Marelli, including 142 manufacturing sites and 27 non-productive sites. Exceptions apply to: data on energy consumption, scope 1 and 2 greenhouse gas (GHG) emissions, water use, waste production, and ISO 14001 that was collected for all sites where Marelli has full control (113 sites). Learn more about how Marelli's reporting boundary is defined on page 75.

In future years we will work to increase the scope and perimeter of our data collection, although this will be dependent upon the availability of the data and its accuracy.

MARELLI'S DIVISIONS



1 The creation of Marelli Propulsion Solutions division was announced in May 2023. The new division combines Powertrain and Electric Powertrain businesses and plan to support the electrification journey of customers with co-created innovation. Propulsion Solutions focuses on software-enabled components and systems like battery management systems and smart actuators as well as on vehicle software architecture, e.g. vehicle domain controls.

Sustainability highlights

Advanced mobility and innovation

JPY 260 Bn

Investing EUR 1.6 bn in innovation over five years – building on existing capabilities with exciting new centers in India and China

JPY 68 Bn

R&D investment in 2022: JPY 68 Bn (EUR 0.5 Bn)

Multiple co-created ideas and products with various partners, including customers, universities, research centers, start-ups, and other industrial players through research groups and joint projects

33

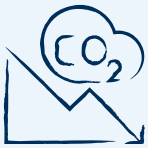
customer awards received in 2022

Learn more about Advanced mobility and innovation on page 13

Sustainability of our operations

-6.3%

GHG emission intensity reduction in Scope 1 and Scope 2 (market based) compared to 2021 restated



-11%

in water withdrawal intensity compared to 2021 (liters/ worked hours)

26.5%

supply of renewable electricity increased from 13.9% in 2021

ECOVADIS SCORE

65/100[1]

in 2022

84.5%

waste recycled

B score

Climate Change and Water Security Carbon Disclosure Project (CDP)

Learn more about Sustainability in our operations on page 55

1 At the time of publication of this report, the Ecovadis evaluation process for 2023 is ongoing.

Responsible corporate citizen

19

Information security certifications achieved

Since 2022, ESG topics have been included as part of the agenda for every Board meeting

All direct material suppliers are monitored on their resiliency and ESG performance

In 2022, the entire purchasing department (1,019 users) was assigned to receive training on sustainability procurement

Learn more about Marelli as a Responsible corporate citizen on page 35

Marelli people

25,000

people benefited through a wide range of corporate social responsibility initiatives

63%

of employees received regular performance and career development reviews

25%

women in leadership roles (director and above) by 2025

Learn more about Marelli people on page 45

Sustainability at Marelli

Through Marelli's commitment to innovation and sustainability, progress moves at light speed, with constant improvement as the driving force.

Our strategy: Co-creating what's next for sustainability

At Marelli, we have developed a sustainability framework with three main pillars that illustrate our pathway to a sustainable future: innovation, social impact, ESG.

Our dimensions:

1

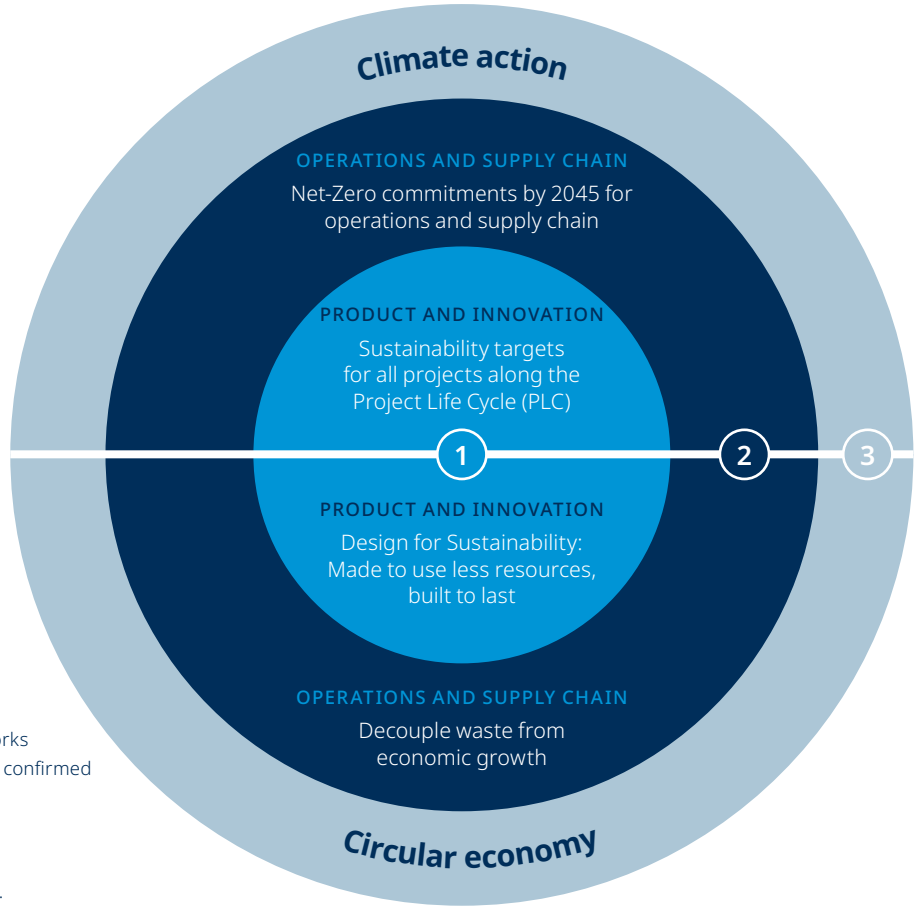
Innovation
Co-create what's next in sustainability with our customers, suppliers, employees and partners

2

Social impact
Doing what's right in human rights, ethics and compliance, labor conditions and health and safety

3

ESG
Measurable and comparable progress using global frameworks



CDP[1] Climate Change and Water Security standards – B ratings for both in 2022
CSRD[2]/ GRI[3] / SASB[4]/ TCFD[5] reporting frameworks
United Nations Global Compact – Compliance confirmed
Ecovadis

1 Carbon Disclosure Project.
2 Corporate Sustainability Reporting Directive.
3 Global Reporting Initiative.
4 Sustainability Accounting Standards Board.
5 Task Force on Climate-Related Financial Disclosures.

Our 2025 goals

We set a series of internal targets to be achieved by 2025 measured as improvements over our 2021 baseline:

-30% **CO_2e emissions in all scopes**	**-10%** **ordinary waste**	**-10%** **in energy intensity (MJ/worked hours)**	**>20%** **recycled / sustainable content for Resins**	**75%** **of direct materials suppliers' plants nominated with ISO 14001**
80% **of nominated suppliers covered by ESG assessment**	**-14%** **in water intensity (Liters/worked hours)**	**80%** **of renewable electricity**	**25%** **women in leadership roles**	**>90%** **of production sites certified under ISO 45001**

Performance highlights

Our vision for sustainability is about building resilient operations with less dependency on market fluctuations. We aim to do this through innovation that ensures our products are best in class for our customers while having fewer impacts on the environment. In September 2022, the agenda for our third Innovation Council meeting was fully dedicated to sustainability. During this session, all the Divisions, along with the Manufacturing and Purchasing functions, identified risks, opportunities, projects, and cutting-edge innovation initiatives around environmental sustainability. As a result, we also implemented a new Innovation Management Process in 2022 that incorporates sustainability criteria, including circularity, into all new product ideas and processes. Our innovations are based on the principle of "Design for Sustainability" to ensure that the environmental and social impacts of our products are considered from the earliest stages of the product lifecycle.

Awards and recognitions

Customer Recognitions

Customer	Award	Country	Plant
General Motors	Supplier Quality Excellence Award	Brazil	Amparo
General Motors	Supplier Quality Excellence Award	Brazil	Maua
General Motors	Supplier Quality Excellence Award	India	Chennai
Isuzu	Quality and Delivery Award	Thailand	Chonburi
Isuzu	Quality and Delivery Award	Thailand	Amata, Bangplee
Nissan	MY22 Nissan Pathfinder and Infiniti QX60 Launches	USA	Smyrna, Lewisburg
Nissan	Most Improved Quality Award	USA, Mexico	All plants in USA & Mexico
Nissan	Regional Quality Award Finalist	Thailand	Amata
Nissan	Recognition to Contributing to Nissan to be Quality Leaders in the Market	USA, Mexico	San Francisco
Stellantis	Major Kaizen Award	Turkey	Bursa
Stellantis	Certificate of Recognition	Brazil	Goiana
Stellantis	Best 2021 supplier"Zero PPM and Zero Warranty"	India	Motherson AL&S India
Nissan Shatai Corporation	Development Contribution Award	Japan	Thermal Solutions, Electronics Systems
Nissan	Highest level (L1) in quality performance supplier ranking	Brazil	Interior Experience in Resende
Aisin (Toyota Gr.)	Superior Value Improvement Award 2022	Japan	Thermal Solutions
Aisin (Toyota Gr.)	Superior VA Award 2022	Japan	Thermal Solutions
Chery Jaguar Land Rover	Excellent Quality Award & JLRQ Award	China	Wuxi
Dongfeng Nissan	Excellent Supply Award	China	Xiangyang
FAW – Volkswagen	Excellent Warranty Cooperation Supplier	China	Changchun
FAW – Volkswagen	Excellent Quality Partner of the Year	China	Foshan
FAW – Volkswagen	First Prize at Supplier Quality And Technology Competition	China	Foshan
GAC	Supplier of Excellent Quality	China	Guangzhou
NIO	Nio Quality Premium Partner Award (NQPP)	China	Wuhu
SAIC General Motors	Quality Contribution Award	China	Wuhu
Honda (GHAC)	Excellent Quality Award	China	Foshan (AL&S)
Honda (GHAC)	Excellent Supply Award	China	Foshan (AL&S)
GAC	Endeavor Supporting Award	China	Wuhu
Dongfeng Nissan	Excellent Quality of the year	China	Guangzhou
Dongfeng Nissan	The Best Technical Contribution Award	China	Guangzhou
Nissan China Investment Co.	The Best Technical Cooperation Award	China	Guangzhou
Zhengzhou Nissan	Excellent Delivery Award	China	Zhengzhou
Zhengzhou Nissan	Excellent Supply Award	China	Wuxi
Chang'an	2022 concerned efforts award	China	Xiaogan

Pledges

Customer	Pledge
General Motors	Marelli signed the "Environmental, Social & Governance (ESG) Partnership Pledge: Collaboration for enhanced sustainability and human rights around the world" in October 2022

External recognitions

Recognition	From	To
3Rs Waste Management Award and Zero Landfill Award	Department of Industrial Works, Ministry of Industry of Thailand	Marelli Thailand
Viracopos Excellence Logistics Award, Logistics Chain category in the TC-6 Automotive Special Regimes segment	Airports Brazil – Viracopos (in Campinas, São Paulo)	Marelli Electronics System South America
Platinum level (4th consecutive year), 38 million hours without accidents.	Thailand Institute for Occupational Safety, Health and Environment Promotion (T-OHS), delivered by General Prayut Chan-o-cha, Prime Minister of the Kingdom of Thailand	Marelli Thailand
Platinum Kurumin Certification (top 500 childcare support companies)	Ministry of Health, Labor and Welfare	Marelli Japan
Top 30 companies in the high-tech supply chain based on the Resilinc R Score®	Resilinc	Marelli Holdings
2022 CES Innovation Award Honoree for Indoor Air Quality (IAQ) Purification System	CES	Marelli Holdings
LinkedIn Top Companies Brazil 2022	LinkedIn	Marelli Brazil

Materiality assessment

Conducting a materiality assessment is a formal way of engaging with key stakeholders to evaluate the ESG topics that represent risks and opportunities to our business. The concept of materiality has been rapidly evolving and companies not only need to understand the impacts of these topics on the business but also how the business itself affects the world around it.

In 2019, when Magneti Marelli and Calsonic-Kansei merged, Marelli's newly established sustainability governance structure undertook its first robust materiality assessment, which identified 17 relevant ESG topics.

Building on the previous assessment, in 2022 we reviewed and updated our materiality matrix to align with the highest ESG market standards. Overall, the 2022 assessment yielded a few differences from the previous analysis, and we have found that most topics that were identified in 2019 are still considered to be material to our business in addition to a few topics that we identified during our most recent assessment.

Our 2022 materiality review process provided a platform to engage with our key stakeholders and senior leaders to gain their perspectives on key issues and continue to build ownership for our sustainability initiatives and strategy more broadly. Moreover, it allowed for the prioritization of material topics based on the potential impact on Marelli's enterprise value. This analysis allowed us to sharpen our actions, define our short-term goals, and establish more robust long-term goals and action plans.

In developing our 2019 materiality matrix, we considered the priorities of our internal and external stakeholders, including 6,500 employees and 19 major customers.

6,500
employees

19
major customers

Materiality process conducted in 2022

1 Mapping existing material topics against standards and trends:

Building on our 2019 exercise, we mapped our material topics against international ESG standards such as SASB and MSCI for auto parts manufacturers[1]. The definition of Marelli's topics has been integrated with emerging sectoral trends and then reordered according to the three sustainability dimensions: Environment, Social, and Governance.

2 Stakeholder Engagement, (Y-axis) we gathered external perspectives by:

- Surveying our eight top customers in sales in Japan, China, Korea, EU, and North America to gain insight into their ESG strategy;
- Engaging with the European Association of Automotive Suppliers (CLEPA) trade association to understand emerging and future European regulations affecting the industry;
- Conducting interviews with members of our sole shareholder to ensure that our roadmap fulfills our investors' priorities and expectations; and
- Consulting the materiality matrixes disclosed by our competitors.

The inputs from our stakeholders were consolidated on a scorecard on Y-axis (Impact on Stakeholders).

3 Impact on enterprise value (X-axis) represents both vulnerability and impact on our company

To assess the impact on enterprise value, the CEO and eight members of the Group Executive Committee (GEC) who also sit on the Sustainability Council established some criteria to assess the impact of each material topic on Marelli's enterprise value:

Frequency/impact of material topics on enterprise value: for each of the material topics identified, an assessment was carried out by the executives of their potential impact on enterprise value, classifying them in three categories: low, medium and high impact topics.

The final matrix was then approved by the Board via the Nomination, Governance and Human Capital Committee. Moving forward, we will establish a financial baseline and nominate an executive owner for each topic.

1 The Sustainability Accounting Standards Board (SASB) standards for auto parts and ESG ratings system Morgan Stanley Capital International (MSCI) have been considered in the identification of sectoral trends.

Our strategy and material topics

While reviewing our materiality matrix, we have added three new material topics based on our 2022 assessment i.e. Material sourcing, Waste Management and Competitive Behavior.

Concerning the 17 material topics identified in 2019, six topics have been confirmed, nine topics have been renamed (e.g. "Climate change" is now "Climate change & action/Energy management") or split/grouped into new topics either to align with ESG standards/regulations or to reflect requests from our stakeholders.

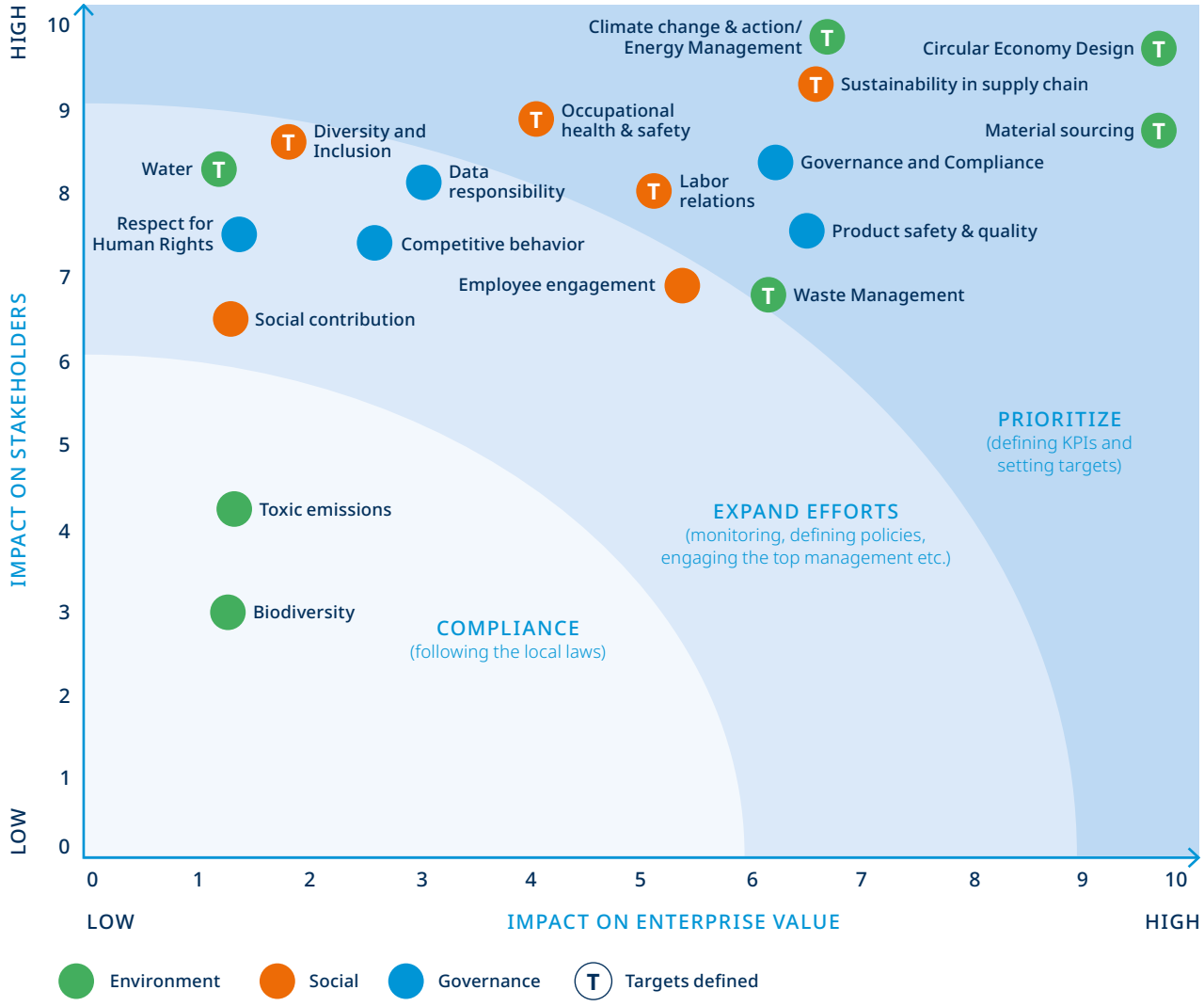
As an output of our materiality re-assessment process, we identified 18 material topics.

Based on the consolidated inputs of each stakeholder group, we prioritized topics. This is reflected in a new materiality matrix organized into group that define our actions for each topic:

- **Prioritize:** defining KPIs and setting targets. Targets have already been defined for nine measurable topics: Climate Change & Action/Energy Management, Circular Economy Design, Material Sourcing, Diversity & Inclusion, Sustainability in Supply Chain, Occupational Health & Safety, Labor Relations, Waste Management and Water;
- **Expand efforts:** We will continue/expand our efforts in monitoring, defining policies, engaging the top management or other actions for five topics: Respect for Human Rights, Employee Engagement, Data Responsibility, Competitive Behavior and Social Contribution; and
- **Compliance:** For now, we will comply with regulations and local laws related to Toxic Emissions and Biodiversity.

The present matrix represents our first step on a double materiality approach. We keep engaging with our stakeholders and collecting feedback along the year to improve our process further. However, we are starting to measure the impact of sustainability on our business, which is a key area for improvement that we are committed to addressing in the coming years.

Materiality matrix



Stakeholder engagement

We are continuously engaging with our stakeholders to identify key priorities and issues in our operations. We aim to further strengthen these dialogues and ensure we are actively responding to society's changing challenges and expectations.

Stakeholders	Engagement activities	
CUSTOMERS AND CLIENTS	• Face-to-face meetings • Co-creation workshops	• Fairs and exhibitions
SHAREHOLDERS	• Periodical meetings • Surveys	
SUPPLIERS	• One-to-one meetings • Site visits	• Contracts • Self-assessments, audits, and qualifications
LOCAL COMMUNITIES AND NGOS	• Donations and gifts • Scholarships • Volunteering	• Charity and fundraising • Awareness campaigns
MEDIA	• Media releases	
EMPLOYEES	• Training • Internal communications • Career reviews	• Development plans • Performance Reviews • Townhalls
TRADE ASSOCIATIONS AND COMPETITORS	• Memberships • Partnerships	• Continuous dialogue
PUBLIC ADMINISTRATION AND REGULATORY AUTHORITIES	• Consultations • Continuous dialogue and periodic meetings	• Compliance with local requirements

As is tradition for Marelli, we release our monthly company newsletter in five languages (English, Italian, Japanese, Portuguese, and Spanish) to keep all internal stakeholders updated on the latest news about the company, at a local and global level.

We launched the Marelli HUB in 2022, with the intention of sharing knowledge and information, and collaborating across departments, geographies, and business applications. The new intranet portal, available in English, Italian, and Japanese, further reinforces the connection between our company and colleagues worldwide.

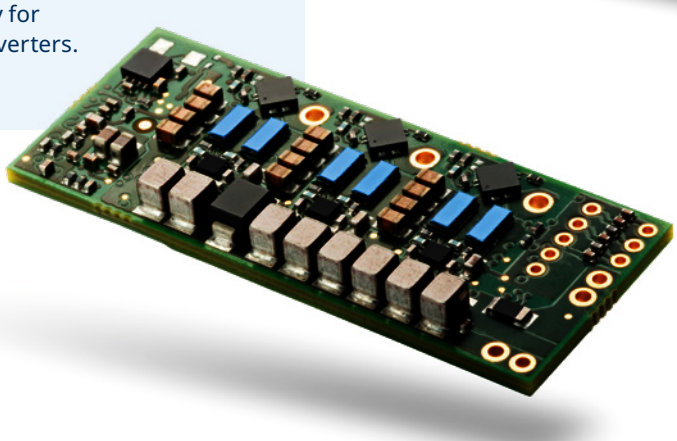
In January 2022, Marelli returned to Las Vegas, USA, to join the Consumer Electronics Show (CES). Teams from Europe and the Americas gathered at the Marelli booth. We hosted guests in approximately 3,200 square feet of dedicated, private suite space in the Wynn Hotel, offering product displays, meeting rooms, and hospitality.

THE SYNERGY BETWEEN MARELLI MOTORSPORT AND POLITECNICO DI TORINO FOR POWER ELECTRIFICATION

Marelli Motorsport announced a collaboration with the Power Electronics Innovation Center (PEIC) of Politecnico di Torino to design and develop a high-power inverter for electric traction using Gallium Nitride (GaN) technology, to significantly reduce the use of passive components while maintaining outstanding efficiency.

Impact

As a part of a broader research partnership with Politecnico di Torino, Marelli will contribute to technological advancements of innovative Wide-Bandgap technology for power converters.



Stakeholder engagement continued

Key membership associations

Marelli is a member of several industry, advocacy, research, and business associations. We participate in their projects and committees and we hold positions in their governance bodies. We believe that we can influence the mission and objectives of the associations through our memberships, and that these objectives are themselves critical to our own activities.

In 2022, Marelli collaborated with 30 associations worldwide.

Japan

- Japan Auto Parts Industries Association (JAPIA)
- JAPIA Future Mobility Study Group (MOBIKEN)
- Society of Automotive Engineers of Japan (JSAE)
- Automobile Business Association of Japan
- AICE (Research Association of Automotive Internal Combustion Engines)
- Nippon Keidanren (Japan Business Federation)
- Saitama Association of Corporate Executives
- Japan Institute of Industrial Engineering (JIIE)
- Japan External Trade Organization (JETRO)
- Saitama University, Industry-Academia-Government Collaboration Council
- Tokyo University of Agriculture and Technology
- Saitama Employers' Association
- Saitama Association of Corporate Executives
- Saitama Chamber of Commerce and Industry
- Sai no Kuni Land Study Group
- Saitama Industrial Club
- Saitama Nikkei Newspaper Meeting
- Kanagawa Employers' Association
- Next Manufacturing at Carnegie Mellon University
- Thermal Management Materials and Technology Research Association (TherMAT)

Europe

- European Association of Automotive Suppliers (CLEPA)
- Italian Association of the Automobile Industry (ANFIA)
- German Association of the Automotive Industry (VDA)
- FISITA
- Motor Valley Accelerator (MVA) (anchor partner)
- Plug And Play Milan

North America

- Original Equipment Supplier Association (OESA)
- Carnegie Mellon Next Manufacturing Consortium

Brazil

- Manufacture Auto Parts Association (Sindipeças)
- Automotive Engineering Association (AEA)
- National Association of Auto Parts Distributors (Andap)

MARELLI AND PEUGEOT SPORT TOGETHER FOR THE FIA WORLD ENDURANCE CHAMPIONSHIP

Peugeot Sport has signed a multi-year partnership with Marelli's Motorsport Division to develop the most efficient electric solution to match the extreme performance requirements of the hybrid powertrain system of the PEUGEOT SPORT 9X8 Hypercar.

Impact

We are providing the engineering and supply of a bespoke, high-performance electric motor and Silicon Carbide-based inverter, part of the front axle electric traction system. The car started competing in the 2022 FIA World Endurance Championship (WEC).

In addition to the fact that Marelli is a FIA Official Supplier and provides advanced technologies to the most important motorsport championships, Marelli's focus on innovation and efficiency is completely aligned with FIA's commitment to environmental sustainability in motorsport and mobility.

For this reason, Marelli Motorsport is going through the FIA Environmental Accreditation Programme to develop sustainability best practices and share these values with its customers and the automotive industry. Furthermore, the development of these high-performance and high-efficiency components is in line with the FIA's environmental strategy for 2020-2030.

Marelli's logo on the Peugeot 9X8 Hypercar livery racing in the World Endurance Championship

Where
co-creation

Advanced mobility and our innovation

The best way to predict the future is to create it. We need to continuously experiment and learn to progress from good to great in our products, technology and value added to customers and to adopt the three-box strategy: selectively phase out some of our past, to manage our current business, invest for our future.

enhances the
future

Technology vision of mobility megatrends

The automotive industry is undergoing a major technological transformation. From the development of advanced technologies to the use of more sustainable solutions and changes in business models, the industry is rapidly reshaping to keep up with the fast-moving transition to a future of low-carbon mobility.

Decarbonization and electrification

With tailpipe emissions from road vehicles accounting for almost 15%[1] of total global emissions, there is an urgent need to reduce the impact of the transportation sector on the climate. As a result, governments around the world are implementing stricter emissions standards and offering incentives for consumers to switch to electric vehicles.

Digitalization and automation

The connected car with advanced driver assistance systems (ADAS) is increasingly in demand from the consumer. The rapid advancement of Artificial Intelligence techniques, particularly in Machine Learning and Neural Networks, has brought about remarkable changes in the automotive industry. By leveraging these cutting-edge technologies, companies are achieving greater levels of efficiency in their manufacturing operations while simultaneously enabling previously unimaginable product features.

Collaboration among industry players

Technology innovations and changes in consumer behavior are driving changes to business models. Original Equipment Manufacturers (OEMs) and Tier 1 suppliers are therefore increasingly interested in collaborating within the industry to draft standards for emerging technologies such as protocols for in-vehicle connectivity or a common battery charging infrastructure for electric cars.

VDE (Association for Electrical Electronic Information Technologies) E-MOBILITY CONFERENCE, Joachim Fetzer, CTIO, presented his speech 'Trends in electrification – the future of the electric powertrain'

Marelli's In-Cabin Advanced Technology Showcase at CES, January 2023 in Las Vegas, US

Marelli team at CES, January 2023 in Las Vegas, US

"The automotive industry is shifting the focus of the development horizon, from only looking at efficiency and economic parameters to re-thinking the concepts in alignment with the sustainability, resilience, and e-mobility agendas."

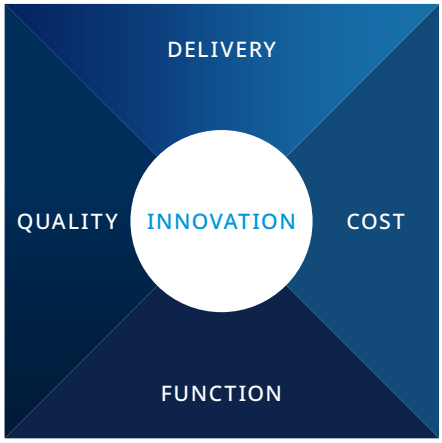
Joachim Fetzer, Chief Technology and Innovation Officer

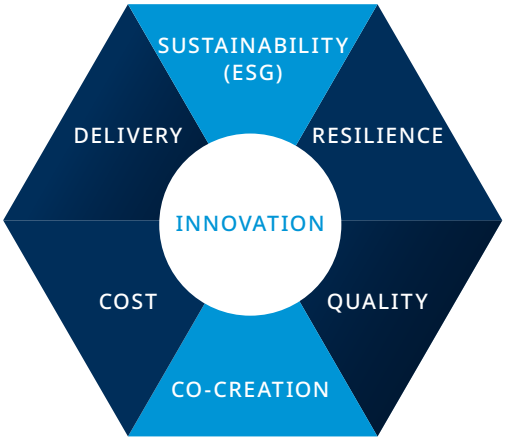
1 The automotive sector's net-zero transition: Shifting to low-emission vehicles | Sustainability | McKinsey & Company.

Technology vision of mobility megatrends continued

Our co-creation approach in response to mobility megatrends

Evolution of customer expectations





Innovation is the enabler to achieve all 6 goals simultaneously.

Sustainability and **Co-Creation** are the main innovation drivers.

Yesterday: 4 simultaneous goals

Today: 6 simultaneous goals

In our 2022 materiality review, we discovered that the new topics with the greatest impact on all stakeholders are closely linked to innovation. As a result, we have made 'Co-Creating What's Next' with our customers and partners a top strategic priority. Our commitment to maintaining proactive and close relationships with our customers enables us to anticipate and meet their implicit expectations and needs, while also delivering sustainable solutions and new technologies that increase customer satisfaction.

The scale and speed of change that market, regulatory, and environmental pressures are demanding is driving a revolution in mobility that can only be addressed through collaboration. Hence, co-creation with car manufacturers, suppliers, and technology partners is critical to provide a transformative experience through personalization, efficiency, safety, new services, and cutting-edge technologies.

PERFORMANCE HIGHLIGHTS

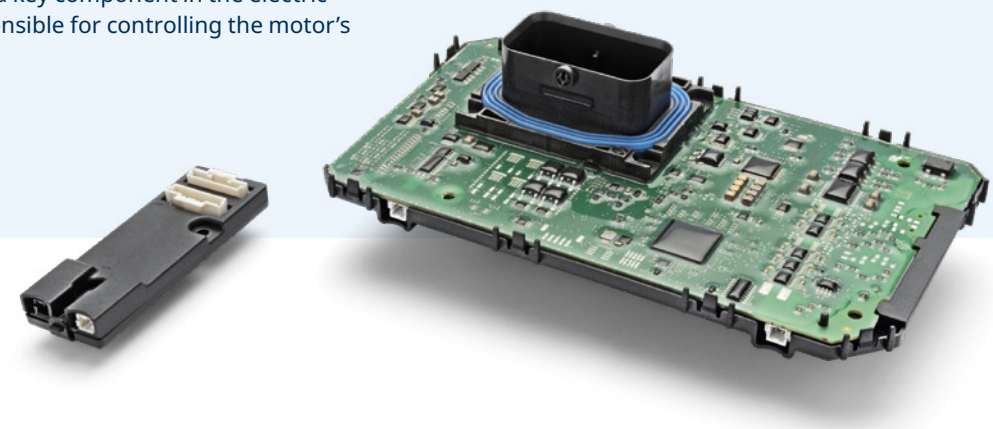
In 2022, we co-created ideas and products with multiple partners, including customers, universities, research centers, start-ups, and other industrial players through research groups and joint projects.

MARELLI SUPPLIES THE INVERTER FOR THE NEW BMW ELECTRIC SCOOTER

Marelli is advancing the technology needed to support the growing demand for electric vehicles by fostering innovation projects related to electric powertrain solutions and Battery Management Systems (BMS). In 2022, we supplied the inverter for the new BMW electric scooter. The inverter is a key component in the electric powertrain and is responsible for controlling the motor's speed and torque.

Impact

By collaborating with BMW, Marelli helped to bring an electric scooter to market that is not only environmentally friendly but also delivers a superior performance and driving experience.



Technology vision of mobility megatrends continued

LIGHTWEIGHT SUSPENSIONS

Lightweight features are indispensable in automotive applications for both Internal Combustion Engine (ICE) and Battery Electric Vehicles (BEV). Marelli Ride Dynamics has been studying how to integrate eco-design principles to develop a sustainable lightweight suspension. Several research projects are under way with academic partners and research centers, targeting new design methodologies and processing technologies to reduce the weight of the suspension. These include the reuse and recovery of light composites such as fibers from industrial waste or scrap and the possibility to integrate natural fibers into composite materials.

The Ride Dynamics division, together with thirteen industrial and research partners from seven countries, have joined forces in an EU-funded Horizon 2020 project – 'Advanced Light materials for sustainable Electrical Vehicles by Integration of eco-design and circular economy Strategies' (LEVIS) – to design a composite suspension control arm.

Impact

The new control arm will be 30% lighter than the currently adopted components. Prototypes will be manufactured and validated by 2024.

Marelli Ride Dynamics team at the R&D department in Turin, Italy

PARTNERSHIP WITH MOTOR VALLEY ACCELERATOR

In 2021, Marelli joined the Italian 'Motor Valley Accelerator' (MVA), the first accelerator of CDP Venture Capital SGR – Fondo Nazionale Innovazione that supports Italian-based start-ups while also connecting corporate partners with top international scale-ups. As a Corporate Anchor Partner, Marelli actively participates in selecting start-ups, providing mentoring, and running pilot innovation projects with particular emphasis on electrification, autonomous driving, sustainable technologies, and motorsport. By partnering with the MVA, Marelli has gained direct access to the open innovation ecosystem of one of the most significant automotive hubs globally, Emilia-Romagna's Motor Valley.

Impact

To date, the MVA program had a positive social impact by accelerating 16 start-ups and the resulting employment of 48 founders and 40 other people.

16

start-ups have been positively impacted by the MVA program

Innovation strategy

Marelli encourages a culture of innovation where employees are empowered to generate new concepts and find innovative solutions to address new and future industry trends.

Marelli recognizes the long-term benefits of a more efficient and sustainable business model to reduce the disruptive impact of climate change on its business and society. To this end, Marelli established a common framework to ensure that innovation is managed consistently across all Divisions, with a focus on sustainable innovation. Global Technology and Innovation (T&I) activities are centrally coordinated by our Chief Technology and Innovation Officer who oversees the implementation of, and compliance with the framework through the Divisions' heads of R&D. The innovation framework employs a comprehensive approach to product development, engaging all essential functions right from the outset.

In 2022, Marelli dedicated one out of the four meetings of its Innovation Council to Environmental Sustainability. This meeting of the council serves as a forum for exchanging, discussing, and deciding critical topics across all Divisions with an emphasis on elevating the importance of sustainability on the Divisions' agenda. The Council reviewed the company's current position and the orientation of key customers as well as major competitors. Cradle-to-gate carbon footprint of products emerged as a key factor in the customers' decision-making process. Marelli is therefore increasing the transparency of our carbon footprint and implementing measures to develop low-carbon products from the earliest stages of the innovation process. This approach is reshaping the integration of sustainability goals, making them a crucial aspect of the company's daily operations and procedures.

PERFORMANCE HIGHLIGHTS

In 2023, Marelli introduced sustainability targets into the innovation process, encouraging each Division to define specific objectives and milestones for 2025. These commitments are supported by a roadmap and a set of key performance indicators (KPIs) to track progress along the product development life-cycle.

Targets for 2025 considered in the product development and innovation projects, compared to 2021 baseline:

-30%
in all Scopes of CO_2e emissions

-60%
in Scope 1 and Scope 2 CO_2e emissions

>20%
recycled / sustainable content for Resins

80%
of nominated suppliers covered by ESG assessment

75%
of direct materials suppliers' plants nominated with ISO 14001

Innovation strategy continued

Research and development

At Marelli, we aim to strengthen our position as a leading provider of advanced technologies by expanding our Research and Development (R&D) capabilities. In 2022, we inaugurated our new Technical R&D Center in Bangalore[1], India, which is expected to employ around 600 engineers within the next two years. This will boost Marelli's research team to more than 1,600 members. The Bangalore Center is dedicated to the development of software solutions.

DESIGN FOR SUSTAINABILITY

We promote the early and systematic consideration of GHG emissions reduction in product design and the development of phases to minimize adverse impacts throughout the product life cycle.

Learn more about Design for sustainability on page 20

PERFORMANCE HIGHLIGHTS

In 2022, we announced the plan to invest JPY 241.84 Bn (EUR 1.64 Bn) over five years to establish new R&D Centers in India and China. Combined with Marelli's existing innovation hubs, the new centers will accelerate the development of cutting-edge products and solutions.

INNOVATION SPRINTS

In 2022, we engaged employees from all regions and functions to propose their innovation ideas during our internal Innovation Weeks, which are interactive sessions to instill innovative thinking among employees. We launched a series of challenges – the Innovation Sprints -two of which had a sustainability focus:

- Reducing energy consumption by 30% in one year within the plant; and
- Ideas for 50% sustainable material substitution in our products at minimal costs.

Impact

Nearly 500 employees from over 80 teams participated and submitted their proposals. A panel of executives selected the most compelling ideas, and those teams were given the opportunity to present their proposals directly to the CEO and Chief Technology and Innovation Officer. Some of the proposals included the adoption of "green" plastics, aluminum, and steel, as well as process improvements that are more energy-efficient, use fewer materials, and produce less waste. Given the high level of participation and enthusiasm, Marelli intends to continue the Innovation Sprint format regularly to encourage creativity and employee involvement.

INVENTOR INNOVATION PROGRAM

In South America, Marelli introduced INVENTOR, which is an innovation program that creates an open channel between employees and company leaders. It promotes:

- People engagement;
- Continuous improvement culture;
- Sustainability of manufacturing standards (improvement starts on a standard); and
- Meeting customer requirements and other certifications.

Impact

The winners of the quarterly and semester recognition programs were announced during a live TV show. In 2022, 158 employees received awards for individual indicators and four plants were recognized for business indicators.

Inventor statistics for 2022

2,082 **employees** presented ideas	11,455 **ideas** displayed
1,195 **employees** involved in implementation	5,626 **ideas** implemented

1 Marelli News – Marelli expands innovation capabilities with a new Technical R&D center in Bangalore Marelli.

Innovating for sustainability

At the heart of Marelli's design mindset is a commitment to minimizing resource use through innovative solutions that reduce emissions, improve fuel efficiency, and promote cleaner transportation. Our approach is underpinned by a deep-seated belief in the importance of sustainability and our responsibility to act as stewards of the planet.

Sustainability is part of our innovative design, and we are prioritizing actions to reduce GHG emissions in all scopes as automakers are addressing the vehicle's carbon footprint to comply with national and international regulations setting emissions limitations. Recycled content and Life-Cycle Assessment (LCA) associated with product are the top customer requests related to product sustainability. In line with this, our Divisions launched the following long-term initiatives:

- The reduction in the use of carbon-intensive aluminum;
- The exploration of alternative materials for interiors from renewable sources;
- Development of magnet-less motor technology; and
- The application of eco-design to optimize recycling and drive down Scope 3 emissions.

LONG FLOW EXHAUST SYSTEM FOR NISSAN X-TRAIL (T33) E-POWER

In 2022, the Green Technology Solution Division, focused on reducing emissions, unveiled the 'long flow exhaust system' as a cold end-product for Nissan X-TRAIL (T33) e-Power.

159

tCO_2e/year

estimated reduction in emissions per vehicle using the 'Long flow exhaust system'

Impact

This product is expected to reduce CO_2 emissions and raw material usage through downsizing and weight reduction of the exhaust system. Specifically, the product is estimated to reduce CO_2 emissions of the vehicle by approximately 159 $mtCO_2e$/year[1] and reduce weight by 366 g.

MAGNET-FREE ELECTRICAL MOTORS

The Electric Powertrain Division is exploring the use of alternative materials for electric motors to meet OEMs requirements for magnet-free motors. Externally Excited Synchronous Machine (EESM), are being evaluated as an alternative to the Permanent Magnet Synchronous Motor (PMSM).

Impact

This move will not only address the customer demand but also contribute to reducing the dependence on critical minerals. PMSM contains critical minerals such as neodymium and dysprosium, while EESM contain copper, a highly recyclable material.

1 Estimated CO_2 emission reduction is based on the following assumptions: Product life:10 years, Driving mode: WLTP, Lifetime mileage: 122,172 km (Based on JAPIA calculation method).

Innovating for sustainability continued

Material sourcing consideration under Marelli's design mindset

Design for sustainability

Marelli adopts a design mindset that prioritizes minimizing resource use through our "Design for Sustainability" concept. We promote the early and systematic consideration of GHG emissions reduction in product design and the development of phases to minimize adverse impacts throughout the product life cycle. The concept was started in 2022, and in 2023, Marelli will set a target for innovation projects to comply with Design for Sustainability criteria in both the Concept and Product Creation phases by 2025. The design rules include ESG criteria for nominating suppliers and establishes the proper governance and ownership in the company to ensure the projects can be tracked along the life cycle.

Calculating products' environmental impact through Life Cycle Assessments (LCA)

At the end of 2022, Marelli started assessing the carbon baseline for Divisions to identify hot spots in the value chain, such as raw materials extraction and manufacturing process (e.g. welding and painting). Starting from 2023, Marelli will increase the technical capacity at divisions to perform cradle-to-gate LCA.

Divisions have established cross-functional teams and workflows to collect data and compile the Life Cycle Inventory (LCI) to determine the climate change impact associated with products through the Global Warming Potential (GWP) indicator. By participating in training, learning through experience, and working with customers, each Division is broadening its competence on data gathering, LCA software use and calculations in compliance with the internationally standardized methodology ISO 14040:2006.

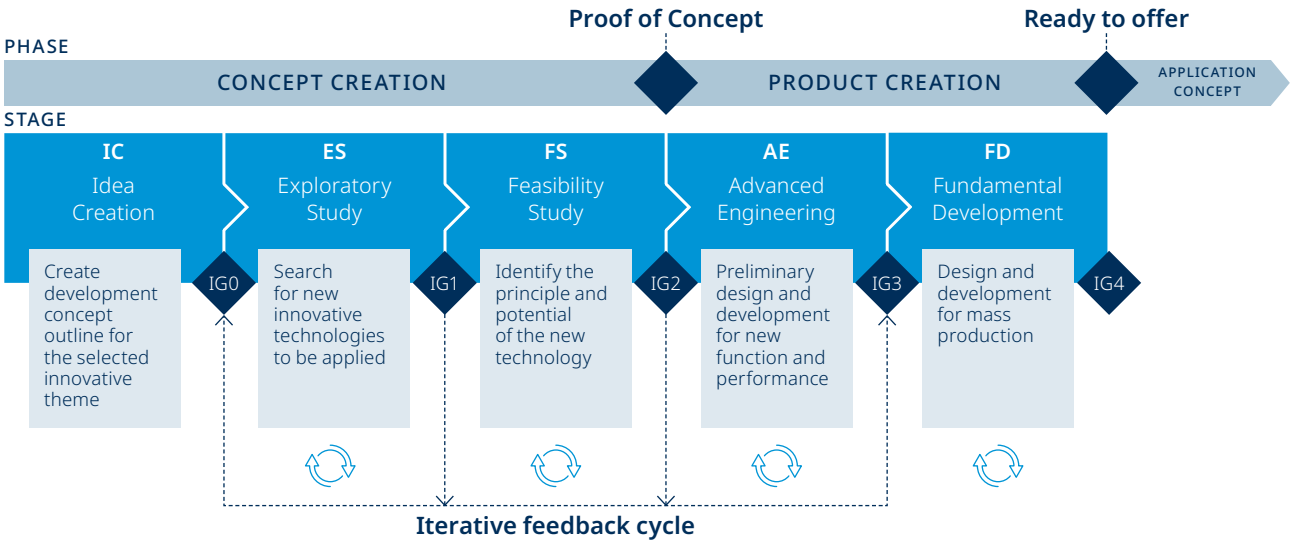
Innovation Management Process

In 2022, Marelli introduced the 'Innovation Management Process' (IMP) to establish a common management process for innovation across all Divisions. The IMP involves cross-functional teams led by specialists from different functions who monitor innovation projects in each division. The process includes a five-step stage-gate process to assess technical feasibility, business viability, and user desirability. Innovation gates between stages define technology, financial, and non-financial criteria to evaluate project maturity. Sustainability is a key focus, with parameters aligned with the three dimensions of Environment, Social, and Governance evaluated from the earliest gates. In 2023, dedicated carbon reduction KPIs will be released to target emissions reduction from the concept creation phase.

In 2022, Marelli introduced the 'Innovation Management Process' (IMP) to establish a common management process for innovation across all Divisions. The IMP involves cross-functional teams led by specialists from different functions who monitor innovation projects in each division.

MARELLI TEAM IN SEPTEMBER 2022 AT THE ELECTRIC AND HYBRID VEHICLE TECHNOLOGY EXPO IN NOVI, MICHIGAN, US

Innovation Management Process (IMP)



Sustainability of our operations

We set the targets for all the sites, using our roadmap as a starting point – we establish context-specific targets for environment, waste and water and monitor progress and performance on monthly basis.

Climate change risks and opportunities management

At Marelli, we have started the journey to consider the impacts of climate change on our business resiliency as part of our risk assessment. We have been working to map different climate scenarios in preparation for our Innovation Council to embed environmental sustainability into our innovation strategy. Furthermore, we are currently assessing our climate-related risks to prevent and manage them as well as to find new opportunities to improve business continuity.

We recognize the importance of reviewing and assessing the potential positive and negative impacts of climate change across our entire value chain.

In 2022, as part of our preparation for the internal Marelli Innovation Council, we conducted a comprehensive analysis of sustainability across all Divisions. This involved a thorough preliminary risk assessment to anticipate challenges and identify opportunities in alignment with a net-zero scenario. This assessment revealed that supply chain disruptions, component price volatility, and electrification impact all Divisions, but also represent opportunities, especially for our Electric Powertrain Division. Developing new products and services to support the growing demand for electric vehicles (EV) and other low-carbon technologies could represent a competitive advantage and field of expansion for Marelli.

Marelli positions itself as an adaptable partner for automakers, looking to navigate the transition to a low-carbon future by implementing mitigation actions based on hazard exposure and level of protection. To respond to emerging events, such as the transition from Internal Combustion Engines (ICE) vehicles to more climate-friendly solutions, we are developing products and integrated systems that support the evolution of e-mobility through the EV market segment.

PERFORMANCE HIGHLIGHTS

We have recently initiated a climate change risk analysis based on the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). This analysis will be finalized in 2023 and will significantly enhance our ability to manage climate change risks. The assessment will cover physical and transitional risks, allowing us to better understand the potential financial impacts of climate change on our business.

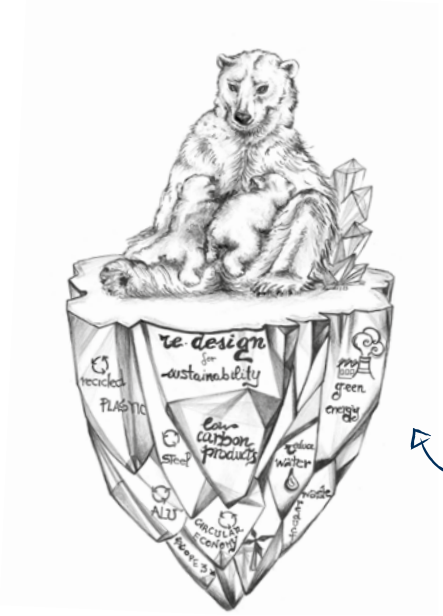
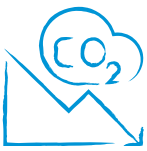


Illustration by our employee, Silvia Landi, Powertrain division, Italy

Climate change action and energy management



-60%

in Scope 1 and 2 CO_2e emissions by 2025 from a 2021 baseline

Despite our innovation strategy and our engineering solutions for electrification, we acknowledge the contribution of our operations to climate change, and we are actively working to minimize it, as established in our Corporate EHS Policy. In 2021, we formalized our ambition to protect the climate by committing to full carbon neutrality of our operations by 2030. In 2022, we reinforced this ambition with a new target on all scopes emissions pursuing a net-zero path aligned with science-based targets to be submitted by the end of 2023, early 2024.

"The latest IPCC report highlights the urgent need for immediate and bold action to address the pressing issue of climate change.

At Marelli, we translate this call into action, **concretely, we are committed to be carbon neutral in our operations by 2030 and net-zero no later than 2045 including our supply chain**. In 2022, we defined internal targets from 2023-2025 for all operations and beyond our gates."

Denise Lana Molina, Head of Sustainability

Climate change action and energy management continued

In 2022, we aligned the Group's activities at the divisional level to focus on attaining this target by developing a roadmap for:

1. increasing investment in energy efficiency projects, such as LED lighting installation, automatic standby for idle production equipment, and boiler maintenance; and

2. improving the share of renewable electricity consumption to 80% by 2025 and 100% by 2030.

The renewable energy roadmap is updated twice a year to realign the perimeter, monitor the progress against the previous year, and prepare the budget for upcoming projects.

Since 2019, we have tracked our Scope 1 and Scope 2 emissions. Scopes 1 & 2 emissions data for 2021 have been restated in accordance with the updated perimeter. Changes in the boundary consisted of the addition of productive sites and the removal of sites due to the divestment and closure of sites following the internal procedure for data reporting according to the GHG Protocol.

In 2021, we also assessed the impact of our upstream Scope 3 emissions. Our focus has been on Scope 3 emissions related to purchased raw materials such as plastics, steel, and aluminum, identified as the hotspot emitters. We are also paying close attention to electronic components, which have a complex supply chain and can be particularly challenging to manage.

For this purpose, we are aligning our calculations to the GHG Protocol's spending-based method.

This approach will enable us to better understand our environmental impacts and identify opportunities to reduce emissions across our entire value chain. This first assessment will represent our baseline. We have identified six categories relevant for our business:

Category 1 – Purchased goods and services;

Category 2 – Capital Goods;

Category 3 – Fuel and energy related activities;

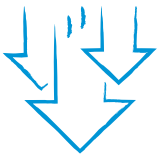
Category 4 – Upstream transportation and distribution;

Category 5 – Waste generated in operations; and

Category 6 – Business Travel.

In 2023 we will improve the accuracy of data collection from our suppliers to be reported on CDP 2023 referring to 2022 data available.

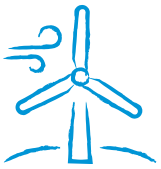
In 2022, our restated Scope 1 and Scope 2 emissions decreased by 5.5% from the previous year (absolute value, market based). This reduction was primarily due to an increase in the consumption proportion of renewable electricity from 13.9% in 2021 to 26.5% in 2022, which also contributed to the decline in CO_2e emissions intensity by -6.3%[1] to 0.0055 $mtCO_2e$ per worked hour in 2022.



OUR GOAL

-30%

all scopes by 2025 from a 2021 baseline



OUR GOAL

80%

renewable electricity by 2025 and 100% by 2030

CO_2e emissions ($mtCO_2e$)

-5.5%

in absolute Scope 1 and Scope 2 (market-based) CO_2e emissions compared to 2021

Scope 1 emissions

Scope 2 emissions (market-based approach)

MARELLI SUNDERLAND PLANTS SUPPORT THE CITY'S CARBON NEUTRALITY AMBITION[3]

Since 2021, Marelli's Sunderland plants in the UK have rolled out a range of retrofit improvements including several energy-saving measures, such as the installation of full LED lighting across its offices and shopfloor, lighting sensors to minimize wattage, and AI-powered air compressors to reduce energy consumption. This will deliver a carbon reduction of 7.88 $mtCO_2e$ between 2021 and 2023.

Impact

The Sunderland City Council – the local authority for the city – is championing businesses like Marelli, that are doing their part to address the climate emergency.

1 The 2022 reduction has been registered against the 2021 restated data of Scope 1 and Scope 2 (market-based) emission intensity.

2 2021 data has been restated due to changes in the reporting perimeter, specifically 14 sites have been added and 3 removed. Consult page 75 – data restatement.

3 Automotive supplier drives down carbon footprint – MySunderland.

Climate change action and energy management continued

Energy consumption (GJ)

Indirect energy consumption

	2021[2]	2022
Of which non-renewable electricity	3,300,282.44	2,796,422.64
Of which purchased electricity from renewable sources	529,334.85	1,003,562.57
Of which heat	49,920.12	35,913,80
Of which cooling	260.90	253.90
Of which compressed air	2,336.94	4,838.54

Direct energy consumption

	2021[2]	2022
Of which fuels	1,045,438.84	991,911,40
Of which self-generated renewable electricity	4,772.79	5,035.96

Learn more about energy and emissions data in the GRI content index pages 62 to 64

INNOVATION SPIRITS

Over 80 teams participated in the Innovation Sprints, which were launched during our Innovation Weeks, and submitted projects based on innovative ideas focused on four themes, two of which related to sustainability: 'Energy Hunt' and 'Sustainability BoM.'

Impact

A jury comprised of Group Executive Committee members selected the top three proposals from each challenge that will receive support to put the ideas into practice.

Learn more about the innovation sprints in the Advanced mobility and innovation chapter on page 18

In 2022, we secured renewable electricity by signing power purchase agreements (PPA) with green electricity providers and increasing the use of certified purchased electricity from renewable sources:

- **342,529.89 GJ of renewable energy** sourced through PPA or certified purchased electricity from renewable sources in Brazil, corresponding to 93% of electricity consumed in Brazilian facilities;
- **100% renewable electricity** purchased for our operations in Turkey; and
- **391,557.43 GJ of renewable electricity** sourced for our operations in Italy (covering 78% of Italian electricity needs).

Photovoltaic plants installed in our facilities in Japan, India, and Italy are providing 5,035.96 GJ of self-produced renewable electricity. Our Renewable Electricity Roadmap includes more projects for the coming years to increase the self-production of photovoltaic electricity. By 2023:

- **5,793 MWh/year of photovoltaic electricity** will be generated through the photovoltaic roof plant installed in the Modugno plant in Italy, covering an area of 23,257 m² and representing a significant contribution to the plant's energy needs; and
- **3.15 MW of peak target capacity** of the photovoltaic plant installed in Penang, Malaysia.

PERFORMANCE HIGHLIGHTS

26.5%
of total electricity consumption in 2022 coming from renewable sources

-2.8%
in energy intensity (MJ/worked hours) compared to 2021

51%
of energy consumption occurred at plants covered by ISO 50001 certification

-5.5%
in absolute Scope 1 and Scope 2 (market-based) CO_2e emissions compared to 2021 restated

-5.0%
in SOx and NOx air emissions compared to 2021

B score
in 2022 Climate Change Carbon Disclosure Project (CDP)

CDP DISCLOSURE INSIGHT ACTION

Learn more about energy and emissions data in the GRI content index.

Environmental management

The topics related to the environment are ranked as a high priority for our stakeholders, especially for our customers. We are therefore concentrating our efforts on mitigating our environmental footprint.

EHS management and framework

Our Corporate EHS Policy outlines our commitment to protecting water, limit GHG emissions, reduce waste generation, and preserve biodiversity.

ENVIRONMENTAL TARGETS FROM A 2021 BASELINE

2025 TARGETS			2030 TARGETS
-60% in Scope 1 and 2 CO_2e emissions	**80%** of renewable electricity	**-10%** in energy intensity (MJ/ worked hours)	**-15%** in energy intensity (MJ/ worked hours)
-30% CO_2e emissions in all scopes	**-10%** in ordinary waste generation	**-14%** in water intensity (Liters/ worked hours)	**-20%** in water intensity (Liters/ worked hours)

PERFORMANCE HIGHLIGHTS

In 2022, our EHS framework was integrated with the following new procedures:

- The Environment, Health and Safety, and Energy (EHS&E) annual data collection procedure, which formalizes the procedure for collecting additional KPIs for external disclosure and supplements our monthly internal data collection; and
- The EHS&E Reporting Boundaries & Data Restatement procedure for defining the company's boundary for external disclosures, annual target setting, internal monitoring, and guidelines for data restatement.

Learn more about the updates in the perimeter in the About this report chapter on page 55

95% **of productive sites** are certified according to ISO 14001 management system

51% **of energy consumption** is covered by ISO 50001 management system

100 third-party audits

293 internal audits

to assess environmental management system at plants

MARELLI COMMUNITY R&D CENTER CLUJ ROMANIA

PEOPLE FROM MARELLI AL COLLECTED GARBAGE DURING WORLD ENVIRONMENT MONTH

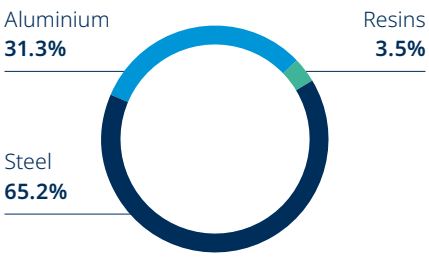
COFFEE PLANTATION, COSTA RICA LIANA LONGANO. PHOTO BY OUR EMPLOYEE, LIANA LONGANO

Environmental management continued

Circular economy design

At Marelli, we acknowledge the critical importance of the "circular economy design" as a material topic. We view this as an opportunity to review our processes and designs, with a focus on design parts to be easily recyclable and reusable and apply modularity principles to product design, minimizing our environmental footprint. This involves developing innovative solutions that promote circularity and adopting sustainable practices such as reducing, recycling, and avoiding the production of waste at the operational level. Moreover, we promote the rational use of natural resources and raw materials.

Recycled raw materials used in 2022



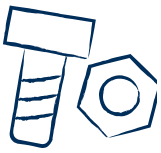
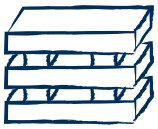
57,506 tonnes
of recycled raw materials in 2022

PERFORMANCE HIGHLIGHTS

23.5%
recycled raw materials
in 2022

Waste prevention

In 2022, we successfully repurposed more than 15,400 tonnes of materials, preventing it from becoming waste:

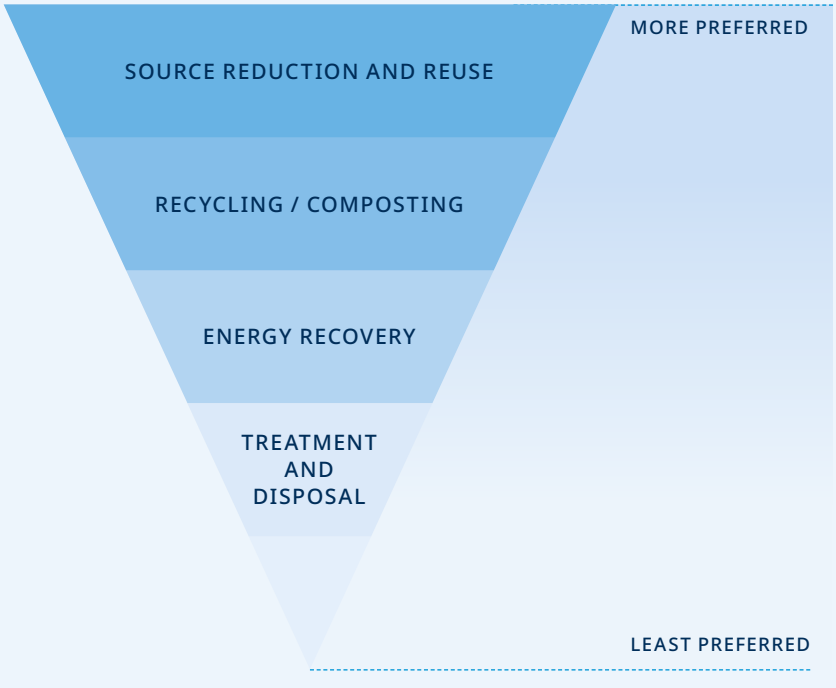
Metal	Plastic	Wood	Paper and cardboard
			
6,000 tonnes	**4,200 tonnes**	**2,800 tonnes**	**2,400 tonnes**

Waste management

At Marelli, each site is responsible for ensuring compliance with waste management regulations in its local area. Our waste management hierarchy promotes source reduction and reuse as the preferred management option, while treatment and disposal should be the last option. For this reason, we have the ambition to achieve "ZERO WASTE to LANDFILL" and we are carefully monitoring the percentage of waste and its final destination.

Marelli's total waste figures are generated from manufacturing processes, warehouse operations, offices, canteens, and break areas. Specifically, 92.4% of waste generated is non-hazardous and 24.5% is packaging-related waste. As a result of several initiatives undertaken during 2022, Marelli was able to reduce the amount of waste generated and the amount of it which got disposed into landfill.

Waste Management Hierarchy



Learn more about these initiatives in our case studies on the next page

Environmental management continued

2.7%
reduction in waste generated
compared to 2021

84.5%
of waste recycled

2.4%
of waste to landfill

Waste generated (mt)

Total waste generated

	2021	2022
Total waste diverted from disposal by recycling	74,561.29	72,228.52
Total waste directed to disposal	13,263.64	13,268.82

Total waste diverted from disposal by recycling[1]

	2021	2022
Of which hazardous	1,736.08	1,961.15
Of which non-hazardous	72,825.21	70,267.38

Total waste directed to disposal

	2021	2022
Of which hazardous	4,477.68	4,533.72
Of which non-hazardous	8,785.96	8,735.10

Learn more on waste generation data in the GRI content index on page 62

ON OUR WAY TO ZERO WASTE TO LANDFILL IN AMPARO, BRAZIL

Last year, the Amparo Plant of Green Technology Systems in Brazil selected a new service supplier that separates municipal mixed waste from solid waste for recovery, reuse, or other non-landfill destinations. This municipal waste, properly selected, is now mainly used for co-processing, generation of waste blend to be incinerated in a cement kiln, and composting.

Impact
Through this best practice, the Amparo plant diverted from landfilling

44 tonnes
of waste in 2022

IMPLEMENTATION OF GRANULATION TECHNOLOGY AT WUHU AND FOSHAN, CHINA

In addition to our plants in the Americas and Europe, in 2022, the Chinese sites of Wuhu and Foshan Automotive Lighting & Sensing introduced granulation technologies to divert defective parts and scrap parts from disposal, and to instead reintroduce them into production as non-virgin raw materials.

Impact
Through this, about

140 tonnes
of waste was avoided in 2022

1 Waste generated is diverted from disposal only by recycling operations, no other recovery operations are adopted.

Water

Since 2021, we have conducted a comprehensive corporate-wide water risk assessment, using the Aqueduct tool developed by the World Resources Institute (WRI), to identify our manufacturing facilities situated in water-stressed regions.

At Marelli, we are conscious of the global situation of water stress. We are therefore actively engaged in monitoring every step of our water usage and have been working to identify our related risks and opportunities.

At Marelli, we rely on water for both production processes and civil usage. Consequently, we recognize that our water usage has an impact on two critical areas: water scarcity and water quality. Our operations may contribute to water scarcity, especially in water-stressed regions, and we are also mindful of the pollutants in wastewater, which can have an adverse effect on water quality. In 2022, we launched a corporate Water Policy to improve the management of our water-related risks and opportunities through the implementation of various strategies, processes, and best practices.

Since 2021, we have conducted a comprehensive corporate-wide water risk assessment, applying the Aqueduct tool developed by the World Resources Institute (WRI), to identify manufacturing facilities that are situated in water-stressed regions. In 2022, the tool highlighted 19 facilities[2] in areas classified as Extremely High risk for water stress. The most relevant manufacturing processes carried out in these facilities are related to lighting and electronics components. Such activities represent our main business in terms of turnover and therefore the associated financial impact has been estimated for each of the exposed facilities.

VOLUNTEER GROUP OF THE CUSTOMER EXPERIENCE CENTER AT SOUTHFIELD, MICHIGAN, US

ELECTRONICS PLANT IN KODAMA, JAPAN

19[1]

manufacturing facilities highlighted as being situated in areas classified as Extremely High risk for water stress in 2022

PIPELINE INTEGRITY PROJECT AT VENARIA REALE, ITALY

Since the end of 2021, the Italian site of Automotive Lighting & Sensing Technology in Venaria Reale has inspected the water pipeline at the connection point and through the underground section. Some leaks in the plant's potable water lines have been discovered and repaired.

Impact

This pipeline integrity project contributed to

5,800m³

of water in 2022

OUR RESPONSE TO WATER STRESS RISK IN MODUGNO, ITALY

The Powertrain Division's site in Modugno, Italy, a water-stressed region, implemented a project to reduce leakage on evaporative towers.

Impact

The best practice resulted in a reduction of approximately

9,700m³

of water withdrawal in 2022

1 This value refers to 2022 CDP report and is related to 2021 data results.

Water continued

Reducing water withdrawal

Our water supply in 2022 was ensured through direct withdrawals, supply from third parties as well as recovery of process water from our operations.

We track our water efficiency using the water withdrawal intensity, which measures the amount of water withdrawn per hour worked. In 2022, our company has achieved an 11% reduction in this KPI compared to 2021, among different Marelli Divisions main results have been achieved by Automotive Lighting & Sensing Technologies (-25% vs 2021) and Electronic Systems (-16% vs 2021), with the following main projects:

- The Automotive Lighting & Sensing Technologies Chinese site in Wuhu installed innovative cooling towers, water meters, and water leakage detection systems, saving 107 ML of water in 2022; and
- The closed water loop project implemented at the Corbetta Electronics Systems site in Italy also contributed by saving 40 ML of water in one year of activity.

PERFORMANCE HIGHLIGHTS

–11%

water withdrawal intensity (Liter/worked hours) in 2022 compared to 2021

Water balance (ML)

Total water demand

	2021	2022
Of which Total water withdrawal	2,464.20	2,221.25
Of which Total water recycled/ reused[1]	30,428.83	26,524.15
Total water Discharge	1,501.86	1,340.93
Recycled Water Index[2]	92.5%	92.3%

Total water withdrawal

	2021	2022
From surface water	104.57	87.62
Ground water	410.67	364.95
Third party water	1,948.96	1,768.67

Total water discharge

	2021	2022
To surface water	99.36	81.60
To ground water	0	0
To third party	1,402.50	1,259.33

1 Recycled water is defined as water that has been utilized more than once in the same production cycle or in another cycle without receiving any kind of treatment. It can be both measured using water meters or estimated. Treated effluent water reused in the sites is referred to as reused water.

2 Recycled water index is calculated by dividing the volume of recycled/reused water by the total amount of water withdrawn and recycled/reused water.

Occupational health and safety

To reinforce our culture of prevention, we are conducting targeted training and workshop sessions aimed at increasing awareness and sensitivity to health and safety practices among all workers.

At Marelli, we are committed to safeguarding the health and safety of our employees and to continuously working to manage and face related challenges, as stated in our EHS Policy available in 19 languages on Marelli's website.

We instill a culture of prevention and have been putting in place procedures to manage and prevent assessed risks, investigate incidents, and address non-conformities. During the last year, we increased the number of sites certified according to the ISO 45001 standard for Occupational Health and Safety Management Systems (OH&S) by 15%, thus achieving a total of 54% of certified productive sites. For the coming years, we expect to further increase the number of certified sites. During 2022, we also performed 212 internal audits and 90 external audits related to OH&S management systems.

Despite the implementation of structured procedures and our OH&S management systems, 535 injuries[1] occurred during the last year, representing an increase of 2.7% in comparison to 2021. 497 involved our employees and 38 non-employees. As a result, in 2022 the LTI rate increased to 0.94 for Marelli's employees (vs 0.87 in 2021). For other workers who are not employees, the frequency declined to 0.25 (vs 0.86 in 2021).

We deeply regret that one incident resulted in a fatal outcome for one of our employees. The incident was reported to local authorities and properly investigated to identify the root cause. Through this analysis, we identified two causes:

- **LOTO (Lock Out Tag Out)** procedure was not followed properly to de-energize the equipment before any interventions; and
- The reliability of the safety control system was lower than the minimum level requested according to ISO 13849. In addition, the rear of the machine was not equipped with a service door.

As Global Countermeasures, we have implemented both short- and medium-term actions to strengthen our health and safety practices. Our first step was to receive confirmation from all plant managers of full implementation of LOTO (Lock Out Tag Out) in each location and identify any gap. For medium term actions we have boosted the global machine risk assessment programs in place on the existing equipment portfolio and reinforce the application of Marelli Equipment Basic Requirement on new equipment. Furthermore, in case of any high consequence of lost time injury, we conduct alignment meetings between relevant functions and business divisions to define effective countermeasures and mitigate the risk of similar injuries occurring in the future. These measures are then cascaded by each Division at the site level and confirmed to be fully implemented.

To reinforce our culture of prevention, we are conducting targeted training and workshop sessions aiming to increase awareness and sensitivity in health and safety practices among all workers.

≥ 90%

We set an annual internal target to **certify ≥ 90% of our production sites under ISO45001** (Occupational Health & Safety target perimeter includes127 sites)

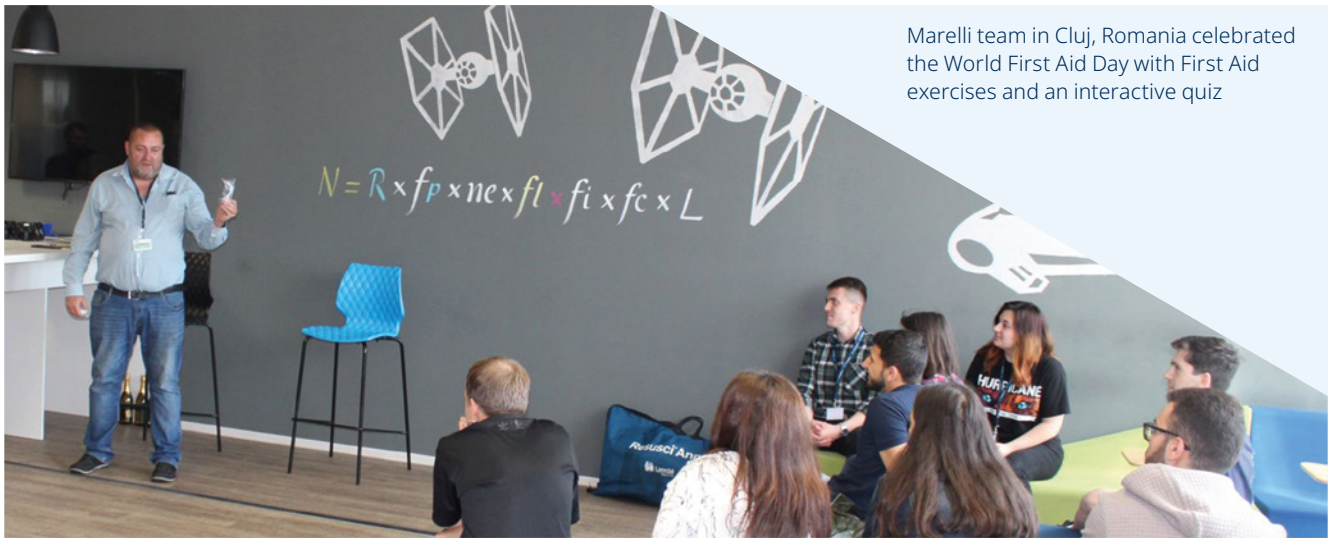
212

internal audits

90

external audits

related to OH&S management systems, carried out in 2022



Marelli team in Cluj, Romania celebrated the World First Aid Day with First Aid exercises and an interactive quiz

1 This data includes fatalities, high consequence lost time injuries, lost time injuries and first aids.

Occupational health and safety continued

In 2022, we introduced three additional procedures to improve the safety of our employees:

1. A common Lock-out Tag-Out procedure (LOTO) to prevent injuries resulting from the unexpected activation of machinery or release of hazardous energies;
2. The Permit to Work procedure to control high-risk and non-routine works to ensure individuals have assessed foreseeable risks and have taken suitable precautions; and
3. The Chemical Agent Management procedure to identify and assess the operational management of chemicals.

Work related injuries

	Employees		Workers who are not employees	
	2021	**2022**	**2021**	**2022**
Number of injuries	**482**	**497**	**39**	**38**
Of which fatal injuries	0	1	0	0
Of which high consequences Loss Time Injuries (LTI)	25	18	9	2
Of which LTI	55	66	5	2
Of which First Aid	402	412	25	34
Total LTI rate	**0.87**	**0.94**	**0.86**	**0.25**

PERFORMANCE HIGHLIGHTS

A special effort was dedicated to preventing future injuries to workers in the Logistics area. Marelli designed the Health and Safety Logistics Standard to set guidelines for drivers, employees, and subcontractors' safety. The standard covers:

- Risk assessment for warehousing and logistics elements;
- Training to enhance the employees' awareness;
- Layout to highlight hazards in the working environment;
- Safe management instructions for lift truck and other transportation means; and
- Basic principles for the use of storage systems.

81,702
hours of training for OH&S in 2022

ZERO ACCIDENT CAMPAIGN IN THAILAND

In June 2022, the Thailand Institute for Occupational Safety, Health, and Environment Promotion (T-OHS) promoted the Zero Accident Campaign to encourage businesses and local companies to commit to preventing accidents at work.

Impact

For the 4th consecutive year, Marelli Thailand has been awarded the Platinum level thanks to our great effort in working more than 38 million hours without accidents. The plaque has been delivered to Marelli Thailand referents by General Prayut Chan-o-cha, Prime Minister of the Kingdom of Thailand, during the official ceremony hosted at the Royal Jubilee Ballroom.

Marelli Thailand awarded during the Zero Accident Campaign 2022

1 Occupational Health and Safety data has been collected for 142 manufacturing productive sites and 27 non-manufacturing sites.

Product safety and quality

"Monozukuri philosophy can contribute to sustainability by reducing as much waste and inefficiency as possible."

Hiroyuki Ishikawa, EVP Operational Excellence

Since the Marelli Group's formation in 2019, we have been actively working to create a synergy by integrating the best attitudes of our two distinct cultures.

The adoption of Japan's Monozukuri philosophy embodies our unwavering commitment to continuous improvement and the creation of fine products. Our approach is grounded in a holistic understanding of the product and meticulous attention to every aspect of the manufacturing process.

Being best-in-class quality and highest efficiency

To achieve our "Being best-in-class quality" and "Highest Efficiency" goals in our operations worldwide, we have deployed the Marelli Manufacturing System (MMS), which was improved in 2022 with five additional indicators. In addition, the Quality Strategy Department introduced a new concept called "cost of quality," which consolidated several KPIs (for example material scrap, premium freight and warranty cost) associated with the cost of producing poor-quality products. This allowed us to identify areas for improvement and reduce waste.

PERFORMANCE HIGHLIGHTS

In 2022, as a part of MMS, 28 indicators have shown the greatest improvement among all the indicators with an average improvement of 23%. One of these metrics saw an improvement of 73%.

Since 2019, Marelli has implemented the cost-per-hour indicator to ensure optimal efficiency at all levels of the organization. As with many other companies, in 2022 Marelli was not immune to the effects of rising inflation and semiconductor shortages, leading to additional expenses to secure the necessary supply of components and mitigate the effects of inflation.

ZERO DEFECT AND HIGHEST EFFICIENCY

Global | Standardization | Continually Improving

GLOBAL STANDARDIZED MANUFACTURING SYSTEM

Process definition through standards | Application in all global plants | Continuous improvement

Engineering Chain
Standard Setting

- Division Supply Chain Management Design Standards
- Division Process Design Standards
- Division Operation Design Standards
- Manufacturing KPI definition
- Integrated Governance With Process Launch Management

Operation Chain
Standard Application

- Global Manufacturing Standards
- Supply Chain Management Book including Diagnosis
- Maintenance Management Book including Diagnosis
- *Gemba Kanri* (shop floor management) Book including Diagnosis
- Planning and Control Standardization

Continuous Improvement
Standard Improvement and Loss Reduction

- Loss and Waste Definition
- Stratification and Prioritization
- Standardized *Kaizen* (continuous improvement) Methodology
- Standard Tools and Training
- Feedback Loop
- Best Practice

People Development

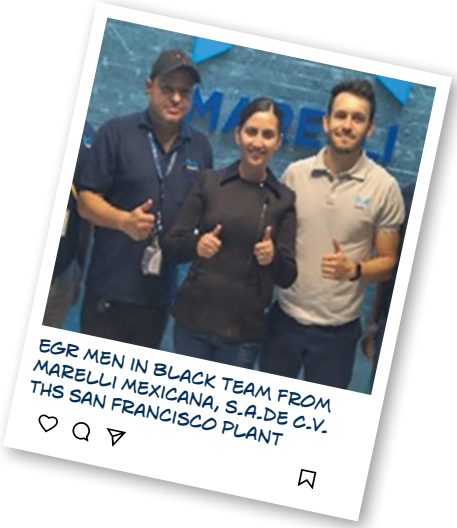
Product safety and quality continued

COST OF QUALITY CONTEST 2022

For the very first time, in 2022 we celebrated Operational Excellence Month to spread the Marelli quality mission. To celebrate this month, a Cost of Quality Contest was organized. 246 teams from all over the world attended the contest and the top 12 teams were selected to share their presentations at the 'Cost of Quality Contest 2022' Global Championship.

Impact

The EGR Men in Black team from Marelli Mexicana, S.A.de C.V. THS San Francisco Plant won the Global Champion.



ELS Team at Marelli Corbetta plant (Italy) won the Global Excellence Award on the Cost of Quality Contest

ZERO DEFECTS CHAMPIONSHIP

The campaign Zero Defects Championship acknowledges employees who have gone above and beyond in terms of engagement, quality, and results. In 2022, we celebrated the outstanding efforts of our employees in Brazil, recognizing 113 team members who were also interviewed in a podcast.

Impact

Our employees' engagement and quality metrics have made a significant impact, and we're committed to continuing to recognize excellence in our workplace culture.

Commitment to quality

Our philosophy on quality recognizes that perfection is not a static state, but a dynamic process that requires ongoing effort and commitment to continuous improvement.

Marelli's Quality Vision of "Zero Defects to satisfy customers" drives our dedication to delivering the highest level of product quality and customer satisfaction. Through regular top management meetings with our major clients, we proactively identify and address any potential quality concerns. We instill a strong sense of responsibility and accountability, stressing the importance of preventing non-conformance issues from the earliest stages of developing new products. In recognition of these efforts, we were honored to receive 30 awards from our customers in 2022.

Being best-in-class to satisfy customers

The corporate Quality Policy reflects Marelli's vision to achieve the goal of Zero Defects through three elements:

- **Quality Vision:** "Being best-in-class to satisfy customers"; and
- **Quality Mindset**: Principles of behavior to achieve Marelli quality.

In 2022, we provided 12,411 hours of training on the Manufacturing Management System to make quality principles an integral part of all our operations. Since 2021, the training has been offered in eight languages.

In addition to this, Marelli adopted a tool for Abnormality Management at a global level that has been instrumental in reducing the average ratio of delivery defect products (ppm) by almost 50% and single digit ppm in just three years since the foundation of the Group.

PERFORMANCE HIGHLIGHTS

33 **awards** from customers in 2022

Marelli's Quality Vision of 'Zero Defects to satisfy customers' drives our dedication to delivering the highest level of product quality and customer satisfaction.

Marelli's Integrated Design MInD Xp adds a new cloud environment to the existing MInD ecosystem, which redefines vehicle personality through connected hardware and software solutions.

Where
governance

Responsible corporate citizen

Performance is not just a result of hiring the right people and giving them the resources – teamwork is equally important. Teamwork should not bring more bureaucracy, but rather it has to do with how we work together, which has a huge impact on how successful we are in achieving the goals of the company as well as our own goals.

creates
resilience

"At Marelli, sustainability is an integral part of our long-term strategy, not only because our customers, shareholders and employees expect it of us, but because we understand that our actions impact the world around us. For that reason, we always consider environmental, social, and corporate governance issues throughout our decision-making processes."

Marisa Iasenza, Chief Legal Officer

PERFORMANCE HIGHLIGHTS

Since 2022, ESG topics have been included as a part of the agenda for every Board meeting.

Governance

Marelli is committed to promoting our social and ethical responsibilities. In line with this approach, our highest decision-making body, the Board of Directors (Board), is actively engaged in overseeing Marelli's sustainability strategy, considering material areas of focus and the expectations of every stakeholder.

Board and committees

Marelli's Board is composed of 10 members (four women and six men) from a diversity of backgrounds and experiences to achieve an appropriate balance between diversity, independence, and relevant competencies for our company. Generally, our Board members are nominated every year, except for our Audit and Risk Committee members who are nominated every two years.

The Board is composed of two committees: the Audit and Risk Committee and the Nomination, Governance, and Human Capital Committee. These Committees were established by our Board in 2022. The day-to-day management of our company is delegated to the Group Executive Committee (GEC). The GEC, chaired by the CEO, acts to make top-level operational decisions, guided by our Delegation of Authority (DOA) policy.

Board of Directors

Dinesh Paliwal
Executive Chairman
●

David Slump
President and CEO

Bin Hwee Quek
●

Hirofumi Hirano
●

Hiroshi Moriya
Vice Chairman

Hisao Iijima
● ●

Karen Snow
● ●

Dr. Punita Kumar Sinha
●

Seichii Kakizawa
Chair of the Audit Committee
●

Dr. Shellene Santana
●

● Audit and Risk Committee ● Nomination, Governance, and Human Capital Committee

Governance continued

Sustainability governance structure

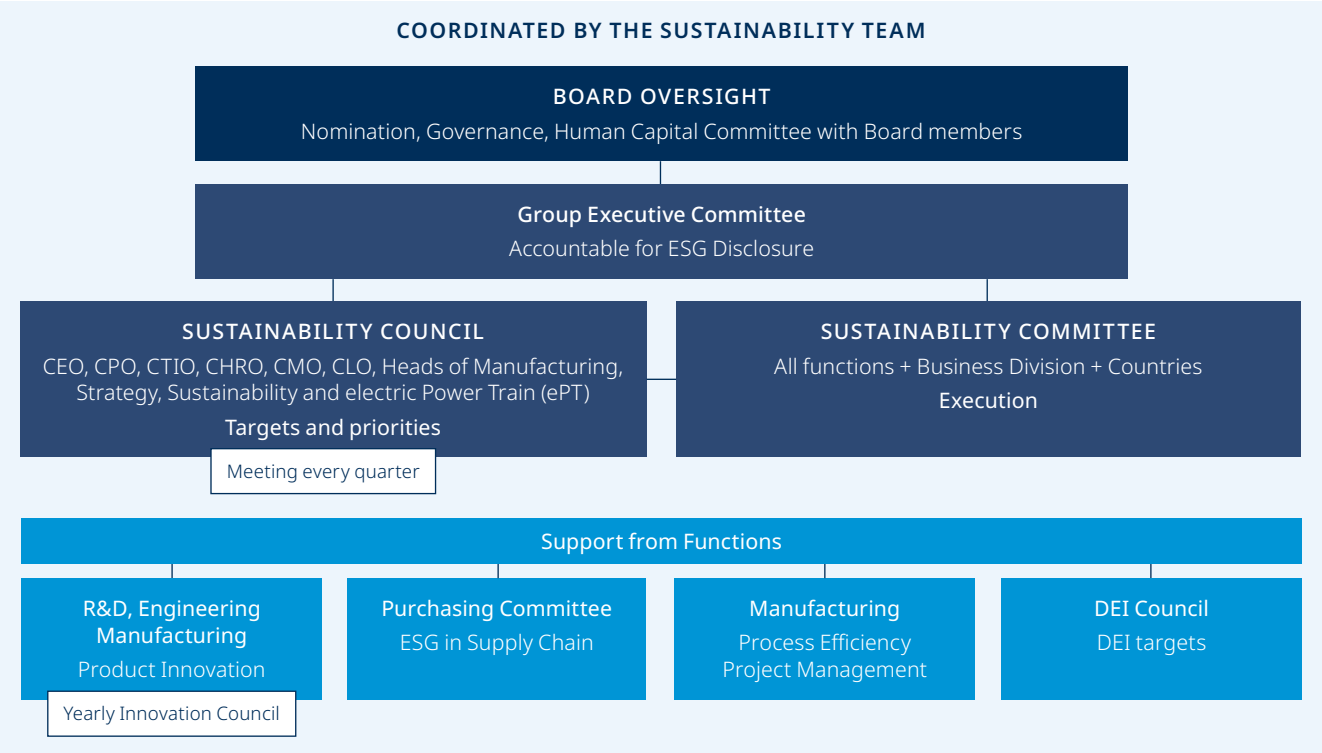
Given Marelli's expansive and complex global structure, Marelli's Board delegates sustainability responsibilities across multiple board committees. This approach is in line with 67% of S&P 100 companies that spread ESG oversight over two or more committees[1].

Since 2022, ESG topics are an integral part of the agenda of every Board meeting. We have also established an External Advisory Board (EAB), chaired by our CEO, which is composed of two external advisors from private companies in Europe, one external Chinese advisor from academia and one senior member of our main shareholder, KKR. Our EAB plays a crucial role in providing support and guidance to our leadership team. Specifically, the EAB advises and provides feedback on critical areas such as our sustainability strategy, as well as product and innovation roadmaps.

To ensure a transversal ESG governance approach, and the appropriate definition, management, and implementation of sustainability initiatives, the following process is implemented:

- The oversight from the Board is undertaken by the Nomination, Governance, and Human Capital Committee (NGHCC), which is responsible for reviewing our sustainability performance and advising on our strategy;
- The GEC receives monthly updates on our strategy and its execution, as well as updates on critical sustainability topics, such as key industry and sustainability trends, regulations, and stakeholder expectations;
- The Sustainability Council, formed in 2020, is composed of eight members of the GEC and is led by our CEO. This Council meets quarterly and decides on priorities and target-setting, including Marelli's ambition to become net-zero by 2045. The process for designing internal sustainability targets considers our baseline performance and our ambition, ESG-related requests received from our customers, and key reporting standards related to our industry (SASB and MSCI). This approach ensures that internal and external perceptions are considered and that the target setting is context-specific and relevant for our external stakeholders; and
- In 2022, the Council decided to nominate leaders of each Division accountable for setting and achieving progress toward internal targets, sustainability data gathering, and reporting processes. These Division leaders form the Sustainability Committee. The Committee, chaired by the head of sustainability, is responsible for executing initiatives aimed at achieving progress towards internal targets and tackling sustainability challenges, including those related to carbon neutrality, life cycle assessments, Diversity & Inclusion (D&I), and CSR. The Committee is supported by other internal committees, such as the Diversity Equity and Inclusion council (DEI) council as well as the R&D, Engineering, or Purchasing committees, as depicted below.

Sustainability governance structure



1 www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/board-oversight-sustainability-and-esg

Compliance

Last year, the global semiconductor shortage severely impacted the entire automotive industry, prompting us to make supply chain resilience a top priority. Building on our efforts from last year, we have further expanded our focus on sustainability to encompass our entire supply chain in 2022.

Marelli's policies and procedures are available to all employees and provide guidance for achieving compliance with laws and regulations, as well as preventing breaches and negative impacts.

At the beginning of 2023, we became a signatory of the United Nations Global Compact (UNGC), which is a voluntary initiative advancing universal principles on human rights, labor conditions, the environment, and anti-corruption. As part of our commitment to upholding the principles of the UNGC, we will continuously monitor our progress toward meeting these principles. To provide transparency on our progress, we will include this information in our annual sustainability reports, which will serve as our Communication of Progress (COP). Additionally, we will utilize the questionnaire provided by the UNGC to report on our progress towards meeting these important standards.

Learn more about Marelli's Sustainability in supply chain in the Responsible corporate citizen chapter on page 42

DFL DELIVERS 'BEST SUPPLIER AWARD' TO MARELLI IN 2022

Code of conduct and whistleblowing process

The Marelli Code of Conduct applies to all our stakeholders and offers a clear framework for how we interact with customers, suppliers, communities, governments, and employees, ensuring consistency with the universal declaration on Human Rights[1] and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work[2].

The Code is also submitted to all our suppliers to ensure they uphold the same ethical values and work conduct as we do at Marelli.

In addition to the Code, Marelli introduced a range of global policies and procedures, including the Marelli Ethics and Compliance Charter, Conflicts of Interest Policy, Export, Import and Anti-Boycott Laws Compliance Policy, Anti-Trust and Insider Trading Policies, Anti-Bribery and Anti-Corruption Policy, Meeting with Competitors including Business Associations, and Basic Policy Against Anti-Social Forces, also covering money laundering and fraudulent activities, among others. In 2023, a gifts and hospitality procedure will be launched to guide Marelli personnel as to what is and what is not acceptable regarding giving and receiving gifts and hospitality (meals, entertainment, travel, etc).

Marelli also deploys an Integrity Hotline, which is made available to employees and third parties to report possible breaches and suspected violations against Marelli's Code of Conduct and Human Rights Policy. This anonymous and confidential whistleblowing system is accessible in all countries and in 18 languages[3]. It includes the following categories of reporting: Anti-Boycott, Anti-competitive behavior, bribery and corruption, Conflict of interest, Discrimination, EHS, Export controls, Financial/Accounting, Fraud, Harassment, Threats and Assaults, Information Security, Internal Working Environment, Money Laundering, Product Regulatory & Safety, Retaliation, Safeguarding of Assets, and Others.

Our Board ensures that conflicts of interest are prevented by reviewing any potential conflicts. Marelli has also implemented a Conflict of Interest Policy and our Integrity Hotline is available to anyone to report any possible breaches. Additionally, our Ethics and Compliance Committee regularly meets to review any possible compliance issues and discuss mitigation activities to address any raised concerns. The members are:

- **Chief Executive Officer (CEO);**
- **Chief Financial Officer (CFO);**
- **Chief Human Resources Officer (CHRO);**
- **Chief Compliance Officer; and**
- **Chief Legal Officer (joined the committee at the end of 2022).**

Grievances are reported through a channel, managed by an independent supplier. Reports are received and managed by compliance designees, who analyze, investigate, and close the cases. If found substantiated, necessary action plans can be implemented. Grievance mechanism trends are monitored by periodical statistics focused on whistleblowing cases by category, country, region, business, substantiation, anonymity, closure time, and annual trends. In 2022, we received a total of 238 concerns, of which 48 were substantiated. Actions taken were related to disciplinary measures, the revision of policies or process, advice or assistance, and/or trainings.

GOVERNOR OF AGUASCALIENTES AND HIS DELEGATION VISIT MARELLI IN SAITAMA

1 Universal declaration on human rights.
2 ILO Declaration on Fundamental Principles and Rights at work.
3 Except for Morocco, Korea and Russia due to legal constraints.

Respect for human rights

At Marelli, upholding the highest standards of human rights is a fundamental value that we consider non-negotiable. To underscore our commitment to this critical issue, we reflect these values in our Code of Conduct, our Human Rights Policy, and our Slavery and Human Trafficking Statement[1]. We also ensure that our suppliers adhere to these same principles by incorporating them into our contracts and agreements with them.

Human rights policy and engagement

In 2021, we issued our Human Rights Policy with the aim of managing and mitigating potential risks of human rights violations throughout our value chain. This policy underscores our commitment to avoid causing adverse human rights impacts in our value chain. By implementing this policy, we are taking concrete steps to ensure that we are conducting business in line with relevant international standards[2]. Where national law and international human rights norms differ, Marelli will follow the higher clause, where they are in conflict, we will adhere to national law, while seeking ways to respect fundamental human rights to the greatest extent possible.

Our Human Rights Policy covers the following topics: no discrimination, no harassment, freedom of association, no child labor, opposition to forced labor, human trafficking and any form of slavery, no retaliation, working hours, benefits and wages, environment, occupational health and safety, business partners and suppliers, and local communities.

To further strengthen our commitments to Human Rights, in 2021 Marelli also issued a Slavery and Human Trafficking Statement in the UK, pursuant to Section 54 of the Modern Slavery Act 2015[3]. This sets out the steps we have taken to address the risks of slavery and human trafficking within our operations and supply chain.

HUMAN RIGHTS TRAINING

4.8 hours
of human rights training provided
per employee during 2022

When issued in 2021, the Human Rights Policy was published on the Company Intranet and available to all employees. Since then, it is also provided to new hires.

Impact

The objective was to make sure everyone is aware of human rights risks and can prevent, detect, and report any misconduct internally and in partners' operations.

Learn more about training initiatives on page 47

LABOR AND EMPLOYMENT: A GLOBAL PERSPECTIVE

In 2022, we launched mandatory training on 'Labor and Employment: A Global Perspective' to increase awareness of human rights principles. The targeted job families were Internal Audit, Legal and Compliance, Environment Health and Safety, Manufacturing, Human Resources (including Communication and External Relations), Purchasing, Quality, Supply Chain and Logistics, as well as Sales and Marketing (including After Sales).

Impact

99%
completion rate reached

1 Applicable only to sites operating in the United Kingdom.

2 including the UN International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the UN Global Compact (UNGC), and the Children's Rights and Business Principles.

3 Modern Slavery Act 2015.

Risk management

Marelli assesses, analyses, and manages ESG risks through an integrated Enterprise Risk Management process (ERM), which is based on, and aligned with, the international standard ISO 31000, Risk Management.

Our Internal Control and Risk Management Committee oversees and supports the risk governance system and internal controls, ensuring risks are properly addressed, and promoting a risk management culture across the organization. As a bottom-up process, in 2022 the GEC reviewed and aligned critical enterprise risks identified by every department. By 2023, we will regularly review our enterprise risks with the Board.

As part of this ERM process, we identified financial liquidity as one of our most critical enterprise risks. In 2022 we successfully completed the restructuring of our capital via the Simplified Rehabilitation Proceedings in Japan. As part of the revitalization plan, we received an investment of new equity capital by our shareholder, KKR, and we reduced our existing bank debt. This provides the Company with the financial stability it needs to develop and grow.

THIRD-PARTY AUDITS

In 2022 Marelli began the process to obtain four third party audits on human rights, labor conditions, ethics, and environmental management (RBA VAP) at three Chinese and one Mexican plants.

Impact

The audits will be finished in mid-2023.

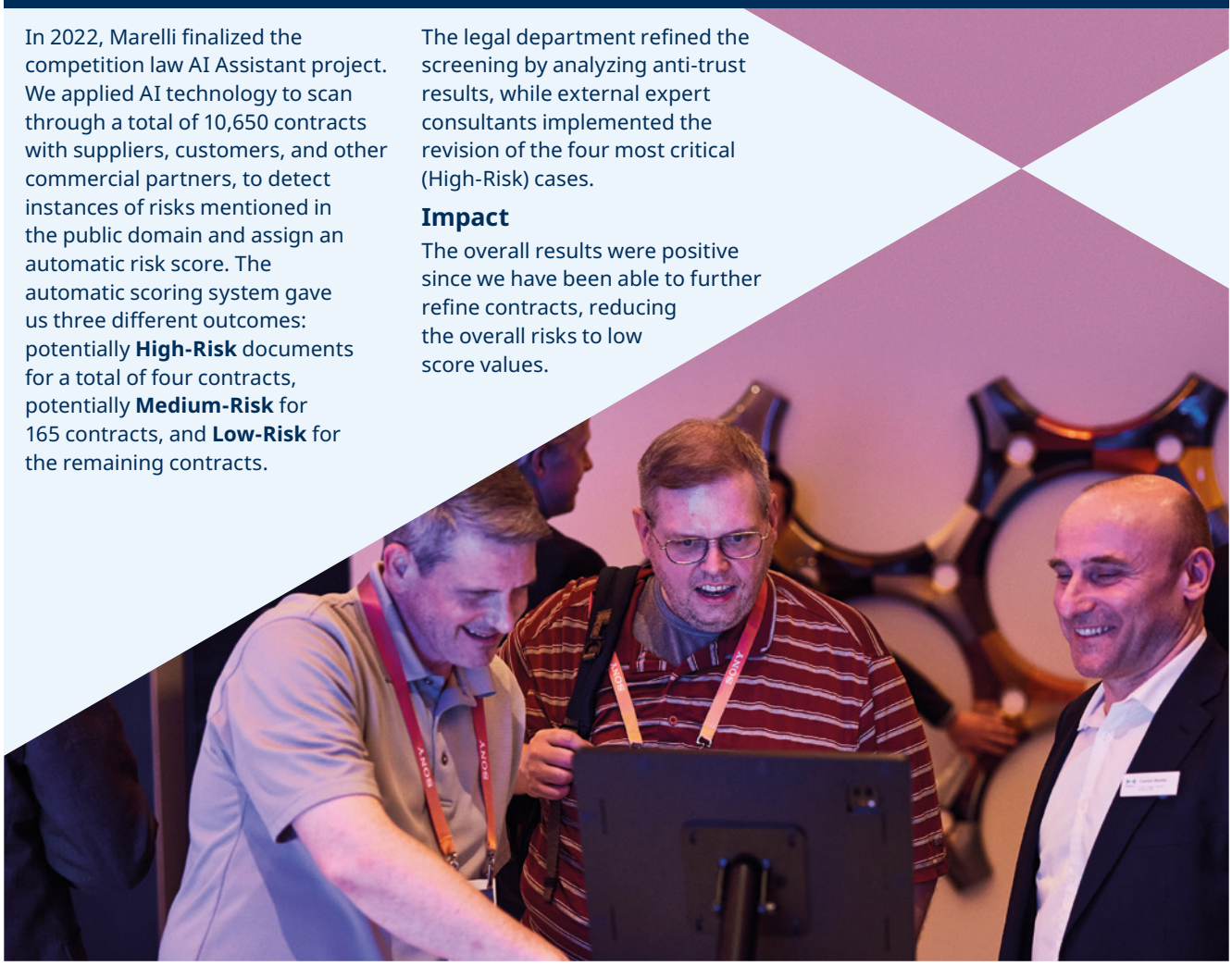
COMPETITIVE BEHAVIOR: AI TO IMPROVE RISK MANAGEMENT

In 2022, Marelli finalized the competition law AI Assistant project. We applied AI technology to scan through a total of 10,650 contracts with suppliers, customers, and other commercial partners, to detect instances of risks mentioned in the public domain and assign an automatic risk score. The automatic scoring system gave us three different outcomes: potentially **High-Risk** documents for a total of four contracts, potentially **Medium-Risk** for 165 contracts, and **Low-Risk** for the remaining contracts.

The legal department refined the screening by analyzing anti-trust results, while external expert consultants implemented the revision of the four most critical (High-Risk) cases.

Impact

The overall results were positive since we have been able to further refine contracts, reducing the overall risks to low score values.



Data responsibility

After reviewing our materiality matrix, we are now renaming our information security and data privacy as data responsibility. Essentially it means preventing the leakage of information due to targeted cyber-terrorism or similar acts as well as protecting personal information and privacy.

New data on cyberattack trends cites a 38% increase in global attacks in 2022, compared to 2021[1].

Marelli is exposed to the risks of cyberattacks on both our IT and manufacturing infrastructure and our products. With growing revenues from software products and increasing data in clouds and data sharing, the level of threats to which we are exposed is increasing and we need to further increase our security posture.

DATA SECURITY WITHIN OUR SUPPLY CHAIN

How we manage data security within our supply chain:

- Classifying the risk exposure of our suppliers, in agreement with purchasing department. We monitor their ability to resist disruptive cyber-attacks, as well as to handle confidential information. Suppliers with a high level of cyber risk exposure are not considered in tenders for critical projects or activities; and
- Assessing the certifications of engineering suppliers and other suppliers, as well as how they assess themselves against cyber threats. In 2023, we will also monitor the exposure through the implementation of a new tool.

To contain and prevent risks, Marelli has developed a cyber-defense strategy across the following pillars:

- A dedicated team that monitors and collects information from the security system, able to detect and notify users in case of security concerns, addressing potential cyber-attacks and starting an immediate response;
- A Privacy Policy, which regulates the retention and measures for gaining stakeholder consent regarding the processing, sharing, and retention of confidential information online;
- A whistleblowing mechanism for stakeholders to report information security concerns. Learn more about our Integrity Hotline in the Responsible corporate citizen chapter (page 38);
- A training program for each employee was rolled out and focused on recognizing phishing, fraud, or malware attacks, and notifying the central security team to avoid further impacts. In 2022, training provided to our white-collar employees was completed by 76% of users;
- An IT contingency plan included in the wider Continuity of Business procedure to improve and speed up the response against the most common and critical cyberattack scenarios;
- A Cybersecurity Management System (CSMS) aligned with ISO 21434 standards, which assesses potential vulnerabilities and exposure of our products to cyberattacks, along the entire life cycle. This robust system warrants that our products are designed, developed, and manufactured in a secure information technology (IT) and operational technology (OT) environment. It also protects our products from cyberattacks; and
- An information security management system (ISMS). 17 sites have an ISMS as per the Trusted Information Security Assessment Exchange (TISAX) certification, one site has an ISMS according to ISO 27000, and one site has an ISMS according to SWIFT Attestation. In 2023, we aim to gain nine additional certifications.

By 2023, Marelli is planning two further improvements that will contribute to our cyber security strategy:

- The deployment of innovative data loss prevention tools based on new improved data classification rules (e.g. confidentiality, sectorial) to immediately block data as soon as the information reaches external non-authorized users.
- The release of a global policy on products, aligned with the UNECE (United Nations Economic Commission for Europe) regulation R155.

The cybersecurity of products is a key focus. Regulations and customers require capacity to monitor vulnerability of products. We have created our own system that monitors cyber risks and creates a monitoring report for customers.

1 blog.checkpoint.com/2023/01/05/38-increase-in-2022-global-cyberattacks/

Data responsibility continued

PERFORMANCE HIGHLIGHTS

To improve data security in 2022, we kept raising barriers against cyber criminals through:

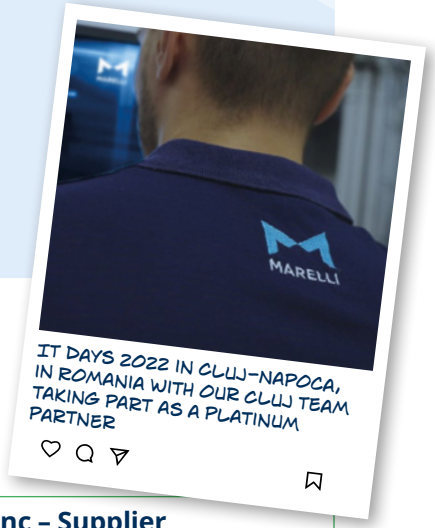
- Extending the multifactor authentication to external contractors;
- Strengthening the remote access infrastructure (home and manufacturing plants); and
- Continuing to support the users, increasing the awareness, and understanding of the cybersecurity system.

IN-HOUSE VULNERABILITY MANAGEMENT SOFTWARE DEVELOPMENT IN MARELLI

The United Nations Economic Commission for Europe[1] requires that vehicles and components are monitored for the presence of vulnerabilities during their full lifecycle. To do this, we developed a dedicated software platform called the 'Vulnerability Management Platform'. This platform maintains a database of hardware and software bill of materials and utilizes threat intelligence information to verify and assess vulnerabilities. The platform classifies vulnerabilities according to their severity and generates reports for our customers.

Impact

For Marelli, this means being aware of any known vulnerabilities not only in our products but also in the third-party hardware and software components we used in our products.



Sustainability in supply chain

"Purchasing is going through a major transformation and sustainability is one of the pillars."

In 2022, we started to assess our supplier base by identifying critical suppliers and collecting primary data. Our whole purchasing organization is aware of sustainability in the sourcing process."

Andy Koehler, Chief Purchasing Officer

By prioritizing sustainability, we enhance the resilience of our supply chain. In fact, a growing number of customers are now integrating sustainability targets in their quotation processes, with supply chain sustainability being a vital factor in their decision-making.

Building a responsible and resilient supply chain is a top priority for every organization to ensure the continuity of supply and avoid business disruptions. At Marelli, a dedicated Purchasing Department engages with local and global partners to ensure all our products and services suppliers comply with the terms and conditions set out in our standard Marelli Purchase Agreement, which mandates compliance with the UN Principles for International Human Rights Protection and Environmental Stewardship.

Supply chain risks are identified through our external AI platform provider, Resilinc, which predicts potential disruptions periodically by mapping and monitoring the ESG, macro-economic, geo-political, and natural disaster risks that all direct and indirect suppliers are facing. Through this AI-powered solution, we can prepare for delivery delays, price movements, and supply constraints for raw materials and commodities before they happen.

Resilinc – Supplier Sustainability Audit

At Marelli we monitor risks of all direct material suppliers using an AI platform applied worldwide – collecting information on economic, geopolitical, bribery, corruption, and sustainability claims. Risks are quantified and a resiliency risk score is assigned. 100% of active suppliers are monitored there.

The Resilinc platform has a network of more than 108 million publicly available sources, and it collects information on news and events in key risk topics (e.g. geopolitical, bribery, corruption, investigations, and sustainability claims). It operates in over 50 languages. Whenever risks emerge, Marelli is notified and given 24/7 updates on how suppliers are being impacted. Results have shown that less than 2% of Marelli's suppliers have high resiliency risk, while the remaining 98% suppliers have medium or low resiliency risk. For those in high-risk locations, Marelli is implementing preventative and corrective actions.

1 UNECE WP.29 R155 regulation.

Sustainability in supply chain continued

PERFORMANCE HIGHLIGHTS

Engaging and assessing our suppliers

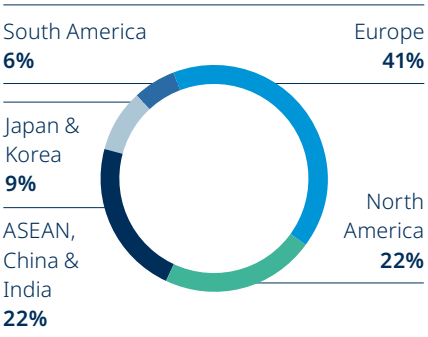
In 2022, we launched new initiatives to engage suppliers in improving their sustainability performance, including:

- Training sessions on risk management for suppliers, covering topics such as the importance of having a strong business continuity plan for their resiliency or having a sustainability plan in line with market expectations;
- Weekly management meetings held by the purchasing department with the supply chain department, to address potential risks and events that could impact our supply chain. During these meetings, we identify and implement mitigative actions and provide clarification to our suppliers as needed; and
- A revised sustainability questionnaire with more than 100 questions for material suppliers (26% of Marelli's total nominated suppliers in 2022) to provide evidence of the integration of sustainability in their processes and systems. We analyze suppliers' responses and score their level of maturity and ESG performance (Learn more about suppliers' ESG performance data in the GRI content index). It includes a new focus on carbon footprint, content of recycled material, and production with renewable energy in our supplier sustainability self-assessment, which previously mainly focused on social-related aspects. This includes developing a carbon neutral roadmap (including Scope 3 emissions) and subsequently evaluating our suppliers' maturity on this topic. To date, the topic of D&I is mapped only for North America suppliers, in line with national legislation. However, Marelli intends to expand the D&I assessment to all locations.

Learn more about suppliers' ESG performance data in the GRI content index

Despite our challenges in engaging with suppliers to collect quality data, we continue to maintain strong, long-term partnerships with all our suppliers. We engage with them periodically and communicate our expectations proactively through our Supplier Quality Target Letter which outlines Marelli's commitments to ESG. We are aware that adapting to sustainability expectations may result in increased costs for our suppliers. However, we plan to engage with our main suppliers and work together to mitigate costs at our utmost capacity, by finding the right opportunities with a feasible return to benefit the automotive industry which is moving as a whole towards a more resilient supply chain. We foresee opportunities in decreasing energy costs by being more efficient, reducing the variability of our specifications, and through supply chain localization.

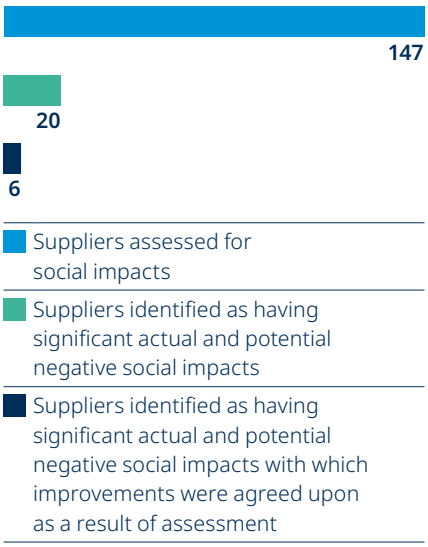
2022 procurement budget spent on suppliers



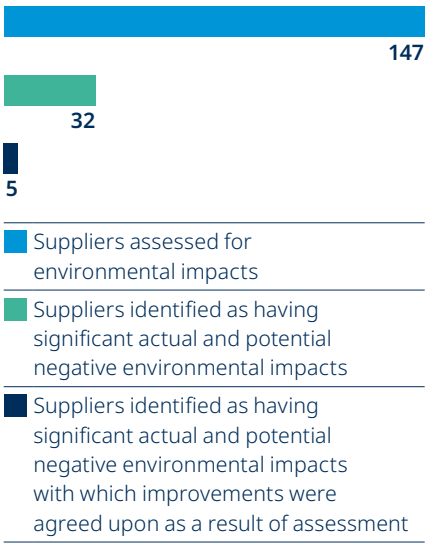
Non-compliance procedure

When Marelli identifies areas of concern or supplier non-compliance with respect to our Supplier Sustainability Audit or the self-assessment questionnaire, we engage directly with them to request further clarifications and provide a tailor-made corrective action plan with an agreed deadline. Failure to implement corrective actions can drive Marelli's decision to put the supplier on hold status and restrict future business relationships. In the past five years, only one supplier relationship was terminated as a result of this process. There were no instances of supplier relationship terminations in 2022. Improvements were agreed upon as a result of the assessment for suppliers with identified significant actual and potential negative impacts: 15.6% for environmental impacts and 30% for social impacts.

Suppliers' social impact assessment in 2022



Suppliers' environmental impact assessment in 2022



Sustainability in supply chain continued

Supply chain policies and procedures

In 2022, 87% of active suppliers accepted our Code of Conduct. Annually, we require our suppliers to comply with applicable laws and regulations including the European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). We have also further expanded our procedure for conflict minerals to other minerals extracted from conflict zones, which may be linked to human rights abuses. By 2023, we are planning to become a member of the Responsible Minerals Initiative (RMI) and have already released our first Marelli Supplier Sustainability Policy. Our suppliers are also required to respect the Organization for Economic Co-operation and Development (OECD) and the RMI guidelines. We are working on the update of the Due Diligence program, expected to be implemented in 2023 to additionally align compliance with the highest standards of responsible business management in our entire supply chain.

We implemented the following activities to identify, assess, and mitigate conflict mineral risks in our supply chain:

- Make the use of conflict minerals KPI as a criterion for the supplier selection process;
- Require selected suppliers to fill out the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) or formally state their non-use of any conflict minerals;
- Track and be attentive to suppliers' answers; and
- Inform suppliers about conflict mineral issues through written communication and request a corrective action plan.

On an annual basis, we require our suppliers to disclose the source(s) of any conflict minerals used in their products and comply with applicable laws and regulations. Dedicated email accounts have been created to track our communication with suppliers. Marelli will continue to engage with suppliers to monitor their performance, raise awareness to minimize potential negative impacts, and promote positive initiatives throughout our supply chain operations.

Supply chain training

In 2022, the entire purchasing department (1,019 users) was assigned to training on sustainability procurement, requiring a test completion at the end. In 2023, we plan to extend the training to additional employees.

LOGISTICS EFFORTS TO REDUCE EMISSIONS

The Logistics Department is promoting the use of plastic/steel returnable boxes to minimize waste and to contribute to the reduction of Scope 3 CO_2e emissions. Long-distance transport remains challenging due to the cost of returning returnable boxes. Hence, Marelli is considering alternative solutions, such as the use of rental services for containers.

33
warehouse rents revoked
in 2022 by Marelli

This was out of a total of 167, leading to a reduction of the total consumption of electricity for warehouses and, therefore, lessening our CO_2e emissions.

Impact

Both these activities will lessen our GHG emissions and will continue to be strongly promoted throughout 2023.

LOCALIZING NORTH AMERICA'S SUPPLY CHAIN TO BE FIT FOR THE FUTURE

Since early 2022, Marelli's North American purchasing team is piloting an initiative to maximize purchasing from local suppliers, prioritize local supplier development, and sourcing on new models. Our key activities to accomplish this include:

- Strategic international suppliers opening new facilities in Mexico;
- Increasing the local supplier panel and current supplier capacities in high-volume core commodities;
- Insourcing strategic commodities filling internal capacity; and
- Developing and qualifying internally local raw materials replacing internationally specified grades.

Our Commercial teams are also supporting negotiations of more sustainable and optimized supply chain structures with our OEM customers. Finally, we are testing a logistics cost calculator developed internally to ensure new supplier selection at sourcing is done including the cost of transportation, warehousing, custom clearance, etc.

Impact

This simplification is necessary to ensure the continuity of supply for our operations in today's volatile market.

By 2023, we are planning to become a member of the Responsible Minerals Initiative (RMI) and have already released our first Marelli Supplier Sustainability Policy.

Where
diversity

Marelli people

We aim to become a more attractive company in all regions where we operate, by understanding the different contexts of each country and the associated requirements. We are working with HR functions at local level to understand the labor market scenarios and position ourselves as a great place to work.

promotes
inclusion

Employee engagement

"Marelli has embraced diversity as a core value from the very beginning. We want everyone in our company to feel respected, treated fairly, and comfortable being themselves at work. We recognize the value of diverse voices and see inclusivity and employee well-being as key facets of success."

Sherry Vasa, Chief Human Resources Officer

Marelli's goal is to offer fair, diverse, and equal opportunities for all employees through the development of a sound human resources (HR) management system.

The development of our HR policies, procedures, and management systems is a core element of our vision. We promote open and constructive dialogue with employee representatives, and a collaborative relationship with local communities and institutions. People-related topics are discussed at the Nomination, Governance, and Human Capital Committee quarterly and at the GEC monthly meetings.

Challenges remain related to our centralized HR structure, which has yet to reach the level of flexibility required by a large and diversified workforce and the diverse social contexts we operate in (50,368 employees in four regions of operations: EMEA, APAC, NAM, and LATAM). In 2022, we launched a program to develop and empower our local HR departments to be aligned with local cultures and specific market structures to enable our people to thrive in an inclusive environment and improve Marelli's attractiveness as an employer in all our locations. Actions such as improved communication with employees, compensation policies put in place, and focus on employee recognition resulted in employee turnover improvement (compared to 2021) in China (35%), India (37%), Slovakia (3%), Turkey (25%) and Romania (31%).

New hires in 2022 accounted for 9,967 permanent employees (hiring rate of 20.61%) while leavers were 13,687 (leavers rate of 27.17%). The higher number of leavers in 2022 compared to the hires are due to the launch of a restructuring program called Skyline, which contributed to the reduction of about 3,000 employees.

Learn more about the Skyline project on page 40 and 51

50,368 **employees** in four regions of operations

9,967 **new permanent employee** hires in 2022

THE POWER OF WORDS

In 2022, we implemented the initiative 'The Power of Words' at the Modugno Plant in Italy to promote positive and direct communication among colleagues.

Impact

The initiative resulted in colleagues refraining from using email for one day, relying purely on direct verbal communication, resulting in great results and positive feedback.

PERFORMANCE HIGHLIGHTS

Great place to work survey

The results of the Great Place To Work survey (GPTW) conducted in 2021 fed into the development of action plans in each Division. From Diversity and Inclusion to training and employee well-being, we have further strengthened our positive workplace culture in line with suggestions from our employees.

From 2023, we plan to conduct the survey annually since it has proven useful in understanding and monitoring our workplace culture and environment.

Employee training and development

2022 was a year of reorganization for the Global Learning and Development functions to align the services offered with the new Marelli employee training strategy.

In 2022, we updated Marelli's training strategy and redesigned a wide range of processes that we plan to deliver during 2023.

2022

Revamped and implemented

Strengthen **Performance Evaluation** process

Implemented **Goal-Setting Menu** process for all salaried

Pilot **Onboarding Experience** for new joiners

Simplified **Recruitment** system and process, improved governance

New launches

Started **Diversity and Inclusion** business focus:

- **Marelli Women;**
- **Sponsorship Program** for Diverse Employees; and
- **Global Diversity Council.**

Launched new **Marelli Attributes**

Improved **Talent Review and Succession Planning**

2023

Projects launched

First group of **Generation Marelli**

Great Place to Work survey launch in July 2023

Global **Rewards and Recognition** program

Focused programs for **Marelli University**

Employee Value Proposition **(EVP)**

Plant Critical Succession Planning

Fully implement **Onboarding** program

GENERATION MARELLI

At the end of 2022, the first group of nominated Millennials and Generation Zoomers employees began to support the Executive Team on strategic initiatives.

The program, called Generation Marelli, includes Mentoring and Reverse Mentoring with our Top Leadership, with global and strategic projects assigned throughout 2023.

Employee training and development continued

PERFORMANCE HIGHLIGHTS

In 2022, Marelli updated its annual performance evaluation process for all employees, using a 'Success Factors Tool', which evaluates results on a scale of one to five, from non-performer up to outstanding performer.

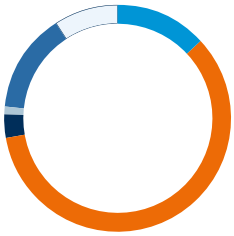
The evaluation process also includes dialogues between employees and their managers to better tailor specific development plans according to employee needs.

Impact

63%
of employees receiving regular performance and career development reviews

The total hours of training provided to employees increased from 8.22 hours per employee in 2021 to 8.53 in 2022. The overall hours of training provided in 2022 are disclosed in the below pie chart.

Total hours of training provided to employees in 2022



Diversity, discrimination, and harassment training	18,429
Health and Safety training	81,702
Human Rights training	4,814
Business Ethics and Compliance trainings	1,440
Cyber Security and Data Privacy training	19,715
Training on Manufacturing Management System (Monozukuri and World Class Manufacturing)	12,411

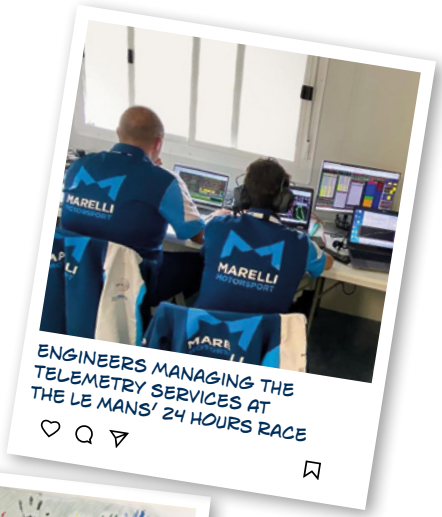
Additionally, a wide range of local initiatives supported the re-skilling and up-skilling of employees, such as in the Bari plant in Italy where training was provided to help the transition from traditional Powertrain to Electric Powertrain Operations, financed by the regional authority.

Learn more about the electrification trend in the Advanced mobility and innovation chapter on page 16

Our employee training development plans adhere also to our succession plan to replace key positions in case of unplanned departure or succession.

As for the foreseen projects, among others, in 2023 we will be launching:

- Global Rewards and Recognition program, allowing employees to receive awards from their managers and co-workers.
- Focused program for Marelli University, which includes:
  - **My e-learning library:** an on-demand e-learning platform;
  - **Finance for non-finance:** to enable all employees across Marelli to have a basic awareness of Finance;
  - **Impactful presentation:** to enhance Directors' capability to build impactful presentations; and
  - **First-time Managers:** to enable successful transitions to People Managers.



Diversity & Inclusion

Diversity is a fundamental part of our company culture, ingrained since our inception. Our mission is to harness the power of individuality and unique perspectives, leveraging them to achieve our business objectives. By embracing diverse ways of thinking, we aim to make a positive impact and foster an environment where everyone feels valued and included.

As a company with global operations, a wide range of different social and cultural backgrounds has always been considered a strength. As stated in our Code of Conduct, we do not tolerate any activity that creates an intimidating, discriminatory, demeaning, or offensive work environment, which can be anonymously reported in our Marelli's Integrity Hotline.

Learn more about the integrity Hotline in the Responsible corporate citizen chapter on page 38

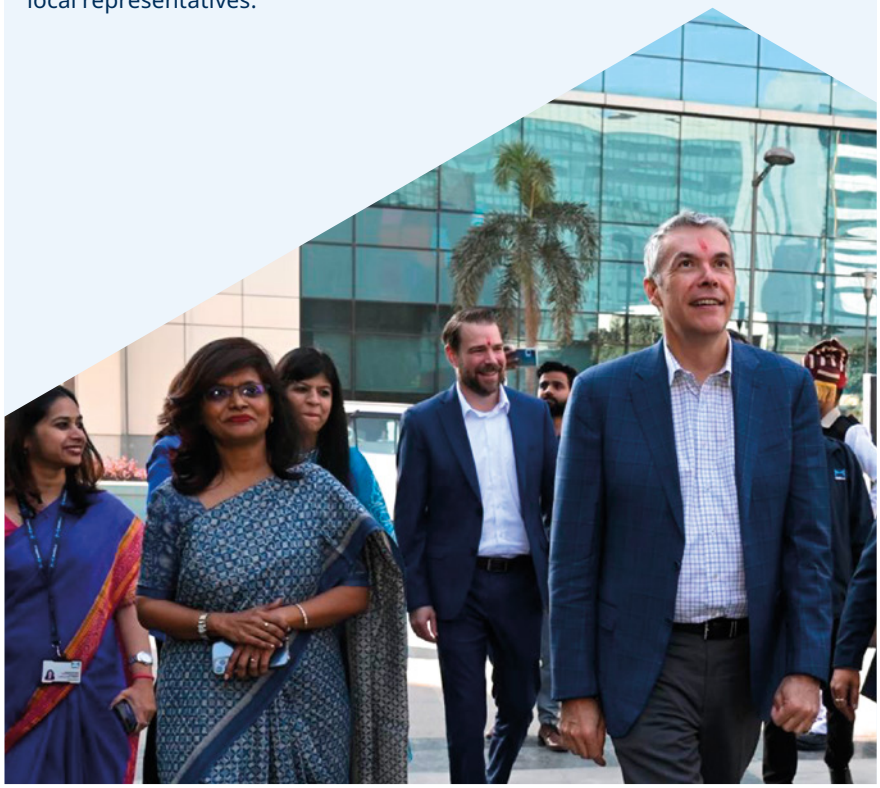
At the beginning of 2022, we launched our D&I Journey, led by the Global Diversity Council. This Council is composed of 11 employees from all regions and its objective is review with the D&I Team to carry out concrete actions across the company. Our Global Diversity Council which was started in 2022 now provides guidance to our Diversity Team.

MARELLI WOMEN

Marelli Women is a community that was set up in 2022 to support the professional growth of women within our company by creating opportunities to increase their network, share work experiences, and facilitate collaboration. The first step was the creation of a network of 67 representatives at the regional, country, and plant levels to help organize local initiatives and regional events hosted by our President and CEO. We developed voluntary teams around each of the local representatives.

Impact

The Marelli Women community counted 824 members worldwide at the end of 2022. We are currently at 2570 employees that signed up to be part of this movement as of the end of March, 2023. Each region may select an area of interest to conduct local initiatives. For instance, the USA branches of the community decided to focus on awareness, the Mexico branches on the prevention of domestic violence, and the Brazil branches on women's leadership.



EXCELLENT QUALITY AWARD CEREMONY

MARELLI WOMEN EMEA EVENT AT ELECTRONICS CORBETTA PLANT IN ITALY

Diversity & Inclusion continued

PERFORMANCE HIGHLIGHTS

As a part of the D&I Program, different initiatives were launched in 2022, including:

Marelli Women in Leadership positions (Director Level and above):

- A sponsorship program focused on mentorship and skills development to increase the number of women in leadership positions from 10.77% in 2021, to 25% by 2025. The percentage has already increased to 12.61% in 2022, and our 2023 target is 18%. Currently, 36 female employees participate in this program, which will last two years;
- An enhanced recruitment plan deployed regionally to increase the share of women in the workforce from 29.6% in 2022 to 40% by 2025. This includes partnerships with both external recruiters and local HR Managers to ensure higher visibility and exposure for women candidates at all levels, without diminishing the importance of a fair and meritocratic selection process; and
- Mandatory D&I training for all employees to improve their awareness of unconscious biases and D&I issues in the workplace.

Marelli Pride Month Survey:

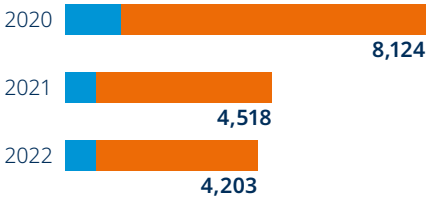
- More than 1,200 colleagues participated in the Marelli Pride Month Survey in June 2022. 90% of respondents stated that it is important that Marelli supports. Initiatives such as Pride Month to make LGBTQIA+ colleagues feel comfortable in the workplace and to raise awareness.

1,200+
colleagues participated in the Marelli Pride Month Survey in June 2022

Total number of employees (directly employed by Marelli)[1]

	2020	2021	2022
Of which women	14,522	15,702	14,926
Of which men	37,837	38,356	35,441

Number of managers



	2020	2021	2022
Of which women	1,219	670	657
Of which men	6,656	3,848	3,546

Number of salaried employees

	2020	2021	2022
Of which women	3,387	4,048	3,783
Of which men	8,966	10,691	9,437

Number of hourly employees

	2020	2021	2022
Of which women	9,916	10,984	10,486
Of which men	22,215	23,817	22,458

Gender distribution top management (directors and above)

	2020	2021	2022
Of which women	47	70	72
Of which men	513	580	499

1 Data not included for employees working in Mexico and the United States during 2020 for whom gender information is unavailable. Learn more about employee's data in the GRI content index.

2 Data for 2020 do not include the number of people for whom gender information is unavailable (i.e. 5,718 total number of employees, 38 directors and above, 249 managers, 1,730 salaried employees and 3,739 hourly employees).

3 Data for 2022 do not include the number of people for whom gender information is unavailable (i.e. 1 total number of employee, 1 hourly employee).

Labor relations

Marelli is committed to guaranteeing fair labor conditions to all employees and engages with Trade Unions and other workers' associations in open dialogue to foster constructive relationships.

Collective bargaining agreements

Marelli engages with Trade Unions and employee representatives to reach consensus-based solutions for any employee-related issues that may arise. Under our Human Rights Policy, Marelli recognizes the rights of its employees to form or take part, freely, in trade unions or other organizations aimed at defending and promoting their interests, in accordance with local law.

Throughout 2022, our discussions centered around ensuring the continued sustainability of our company's operations amidst challenging market conditions. These challenges included the impact of global inflation, ongoing supply chain difficulties, and rising costs of essential components, raw materials, and energy. In addition, the automotive industry faced a particularly critical situation, with global vehicle production still well below pre-COVID levels and projections indicating further declines in 2023 compared to 2022.

Marelli's executive management presented the Trade Unions with a comprehensive plan to address these market dynamics, aimed at achieving growth and economic sustainability. To achieve this goal, we are placing an increased emphasis on innovation, including co-creating products and solutions with our valued clients and partners. Additionally, we are investing in safety, process efficiency, and building improvements to enhance the quality of life and work within our sites. At the same time, we recognize the importance of simplifying and streamlining our processes, as well as maximizing efficiency in fixed costs through targeted measures.

Consequently, in 2022 Marelli announced an internal restructuring project, aiming to reduce indirect headcount by about 3,000 employees[1]. We largely managed the restructuring plan in each country through voluntary solutions such as incentives and the provision of outplacement services that were agreed with our Unions and Work Councils.

At the end of 2022, collective bargaining agreements covered 78% of Marelli employees (38,976 employees)[2]. Among employees not covered by such agreements, more than 94% benefit from better conditions than the minimum requirements by law.
In some regions, such as Italy, Marelli has negotiated specific contracts with unions to regulate the operations of the company.

Marelli has confirmed its intention to continue with constructive discussions with social partners to set out a negotiated process characterized by social responsibility toward the people and the territories concerned.

INTERACTIVE COMMUNICATION SESSIONS WITH EMPLOYEES REGARDING WORKING CONDITIONS

1) The dialogue with employees is a priority. Town Halls are organized periodically and are followed by Q&A sessions.

2) Inside Marelli: Periodically published journal in eight languages (English, Japanese, Portuguese, Spanish, Polish, Italian, Chinese, and German)on the latest and most interesting news at both local and global level.

78%

of Marelli employees were covered by collective bargaining agreements at the end of 2022

Marelli qualifies as a European Community-scale group of undertakings[3] and is therefore subject to regulations designed to ensure the rights of employees to access information and/or consultation processes. In January 2023, our special negotiating body (SNB) reached an agreement to establish an EWC (European Works Councils), which will also serve as a framework for presenting and sharing Marelli's most relevant Social Responsibility initiatives at the EU level.

Employee representatives

Employee representatives[4] covered 61.5% of Marelli's total employees[5] in 2022. They have the right to be informed, consulted, and to enter negotiations on matters that may concern benefits and operational issues as defined by law or applicable collective agreements.

Labor unrest

In 2022, the overall levels of labor unrest[6] and local labor actions in Marelli's Group companies were very low. The only significant episodes were in Germany (Reutlingen and Brotterode) with three warning strikes each one, without stopping or damaging seriously any OEMs.

1 All indirect employees.
2 Survey conducted on 99.2% of Marelli's' global headcount.
3 According to Directive 2009/38/EC.
4 In most countries the establishment of employee representative bodies is foreseen for companies and/or sites where the number of employees exceeds the thresholds specified by national laws or procedures. In others, the employer is required to execute a labor management agreement with the employee representative on specific issues in case a trade union representing a majority of employees in the workplace is missing, while in North America, representative bodies are only present at sites where a trade union is already established.
5 Survey conducted on 99.1% of Marelli's' global headcount.
6 In November 2022, Marelli Automotive Lighting Reutlingen GmbH and Marelli Automotive Lighting Brotterode sites were involved in three minor warning strikes in reference to the collective bargaining agreement on wages. The strikes aimed to support the collective wage negotiation and had no negative effect on Marelli's customers. The strikes concluded with an agreement signed by IGM (Unions) and employers' associations at the national level in Germany, with no direct involvement of Marelli.

Employee well-being

We are committed to creating a workplace that prioritizes and fosters the well-being of our employees. In our efforts to achieve this goal, we continually evaluate and enhance our benefits offerings to ensure they remain competitive in the locations where we operate.

We are committed to providing and supporting our employees' well-being by offering competitive benefits packages beyond salary incentives. While our benefits may vary by location or country and employment status, we ensure that all our employees have access to benefits aligned with industry standards, government regulations, and any other specific needs.

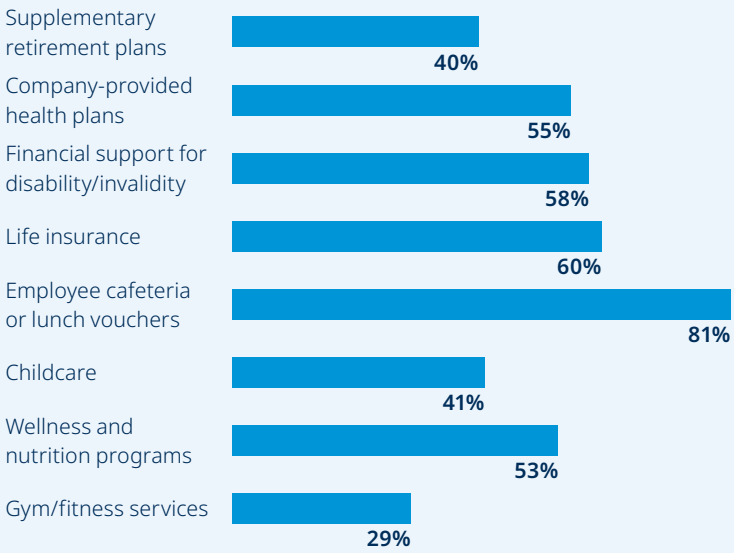
For instance, one of the initiatives that has spread among Marelli's locations is the smart working mode, especially in South America, Europe, and China.

Among location-based benefits, some examples include:

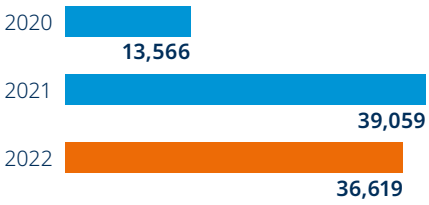
- A monthly support for regional public transportation services in Germany;
- A gym club membership reimbursement program in Brazil;
- Scholarships awards for the best-performing employees' children in Italy and Poland;
- Free access to online libraries in Romania; and
- Healthcare support plans in Italy, Romania, Brazil, UK, including, among others, medical checkups, life, and medical insurance.

PERFORMANCE HIGHLIGHTS

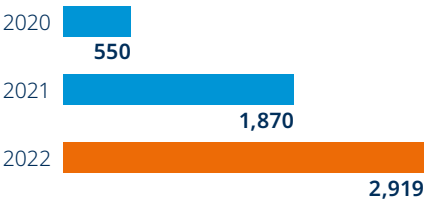
Marelli Employees worldwide eligible for benefits



Total number of employees that were entitled to parental leave[1]



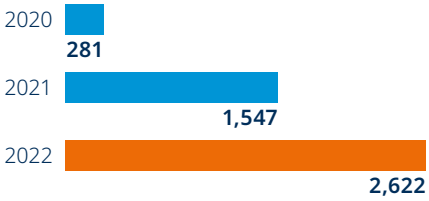
Total number of employees that took parental leave



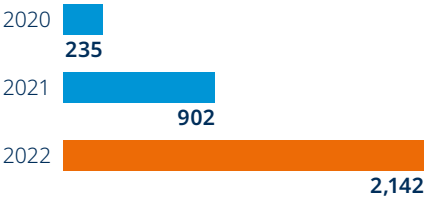
36,619 **employees** entitled to parental leave in 2022

2,919 **employees** took parental leave in 2022

Total number of employees that returned to work in the reporting period after parental leave ended



Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work



1 Temporary workers and those hired by agencies are entitled to parental leave, both men and women. We also require external providers to respect the local labor laws.

Social contribution

Marelli is fully committed to making a positive impact in the communities where our facilities are located. To this end, we actively participate in CSR projects that prioritize education, skill development, and disaster response initiatives through support to non-governmental organizations (NGOs).

In 2022, we delivered hundreds of initiatives worldwide to support local communities. Significant examples include:

FOR THE SECOND YEAR, MARELLI TOOK PART IN THE 'GREAT RECAPTE' CHARITY PROJECT

USA

Hosted student robotics team to help them practice their competition requirements and show their work in our Southfield office.

SPAIN

'Great Recapte' (collection campaign) 1,000 kg of food was donated to the 'Banc dels Aliments', which reached more than 8,500 people.

SALTILLO ACADEMIC CELEBRATION

MEXICO

Marelli Women Group in Mexico identified a platform for helping women in domestic violence situations to receive legal and psychological support.

Provision of school supplies and gift cards to children of team members with high academic scores at our Saltillo and Juárez locations.

FORMARE TRAINING

RECYCLING MATERIAL DONATION IN LAVRAS, BRAZIL

BRAZIL

Recycle Material donation: Supported 34 families of collectors in Lavras with the provision of 71 metric tonnes of recycling material.

Formare: Volunteering training for young adults from underserved local communities. In 2022, 274 students were trained.

Extra Scholarship Activities: Laptop and scholarship material donation, together with the support on extracurricular activities, which benefited 150 children in the city of Amparo.

Drug use prevention: T-Shirt donation to the Brazilian Educational Program for Resistance to Drugs and Violence in the city of Amparo.

Social contributions continued

FRANCE

The pink ribbon: Support the 'pink wave' event to inform and educate women about the importance of periodic screening against breast cancer.

EASTER EGG COMPETITION IN POLAND

POLAND

Collection for the Municipal Animal Shelter in Sosnowiec to help animals survive during the winter season.

'World Environment Day': A little forest close to AL&S plant in Sosnowiec was cleaned from human waste thanks to our colleagues that collected 80 bags of garbage during six events.

CEREMONY AT THE SAITAMA GOVERNOR'S OFFICE, IN JAPAN

JAPAN

'Marelli Next Generation Scholarship' was delivered to two students of the Saitama community to support their studies abroad.

Donation of high visibility traffic safety covers to more than 11,000 Saitama community students to reduce traffic accidents.

Partnership with Saitama Prefecture Forestry for Mangrove Regeneration.

INDIA

SARD world on wheels: Marelli participated in a Joint CSR project with HP India to deliver a fully technologically-equipped bus for 17 schools in Delhi (reaching 4,505 beneficiaries) together with infrastructure development initiatives (such as science lab upgrades and maintenance), to enhance the learning experience focusing on STEM education.

Healthcare support: Sanitary napkin vending machines installed at 10 government schools in Gurugram to promote hygiene and health practices.

SARD WORLD ON WHEELS VISITS MANESAR PLANT, INDIA

BLOOD DONATION AT GUANGZHOU PLANT IN CHINA

CHINA

Blood Donation Camp in the Guangzhou plant that benefited 48 people.

Marelli-care package to mitigate food shortages for employees living in the Shanghai area during COVID-19 government restrictions.

Child care: Guangzhou plant donated stationery supplies to students for the new semester.

About this report

Materiality matrix review	56
GRI tables	57
About this report	75

Materiality matrix review

Material topics in 2019	Material topics in 2022	Objective of the update
CONFIRMED TOPICS (6)		
Water Conservation	Water	The water intensity of operations, the water stress in areas of operation and efforts to manage water-related risks and opportunities
Occupational Health & Safety	Occupational Health & Safety	Committed to establishing, maintaining and promoting a healthy and safe work environment for the protection of all workers
Social Contribution	Social Contribution	Contribute to the development of the local society by creating wealth and providing expertise, skills, and technology, etc. for sustainable development of both our company and the local community
Sustainable Supply Chain	Sustainability in Supply Chain	Sustainable impact of our logistics and supply chain
Diversity & Inclusion	Diversity & Inclusion	Encourage, promote and respect diverse perspectives and cultures across our business, in order to bring fresh thinking and give Marelli a competitive edge
Respecting Human Rights	Respect for Human Rights	Respect and support fundamental international principles concerning human rights, not only for our employees, but also in our supply chain
UPDATED TOPICS (9)		
Climate Change	Climate Change & Action / Energy Management	Alignment with ESG standards/regulations Measure its greenhouse gas emissions and develop and implement business-relevant decarbonization plans
Effective Use and Reuse of Resources	Circular Economy Design	Alignment with ESG standards/regulations (SASB) Auto parts manufacturers can design their parts to be easily recyclable and reusable and can apply modularity principles to product design
Excellence in Monozukuri	Product Safety & Quality	This topic has been renamed as "Product safety & quality" defined by SASB as Through effective management of product safety, auto parts companies can enhance their reputation and drive higher sales over the long term
Prevention of Pollution and Biodiversity	Toxic Emissions Biodiversity	This topic has been divided into two topics as "Toxic Emissions" The potential environmental contamination and toxic or carcinogenic emissions arising from operations and "Biodiversity" The potential impact of operations on biodiversity in areas of operation and efforts to manage the environmental impact of operations
Responsible Business Management	Governance & Compliance	Alignment with ESG standards/regulations (MSCI) Evaluates the impact companies' corporate governance and business ethics practices have on all stakeholders. The governance encompasses: Ownership & Control, Board, Pay, Accounting, Business Ethics, and Tax Transparency
Fair Labor Conditions	Labor Relations	Alignment with ESG standards/regulations (MSCI) The relationship between management and labor, the strength of worker protections
Information Security and Protection of Data Privacy	Data Responsibility	Request of our shareholder: Manage data responsibly, which includes mitigating cybersecurity risks, promoting a culture of cyber awareness, and handling personal or sensitive data responsibly
Employer of Choice	Employee Engagement	Request of our shareholder: Have a strategy in place for fostering a diverse and highly engaged workforce
Investment in New Technology	–	This topic has been updated and combined with Climate Change/ Energy Management and Material sourcing in alignment with ESG standards/regulations
DELETED TOPICS (2)		
Powering Progress Together (Partnership)	–	The emphasis was on customer relationship, and all topics are important for customer relationship. Hence, this topic has been excluded to avoid the duplication
Risk Management	–	Risk management is a consolidated practice at Marelli. ESG/Sustainability risks are measured through our Enterprise Risk Management process
INCLUDED TOPICS (3)		
–	Waste Management	Alignment with standards (SASB). Improve operational efficiency by increasing the amount of waste that is recycled
–	Competitive Behavior	Alignment with standards (SASB). Leading producers of any specific auto part may wield substantial market power in that segment, creating antitrust concerns. If involvement in such activities is discovered, the imposed penalties and reputational damage may have an acute impact on a company's valuation and balance sheet
–	Material Sourcing	Alignment with standards (SASB). Limit the use of critical materials, secure their sourcing, and develop alternatives to protect from supply disruptions and volatile input prices

Table of GRI standards

GRI Standard	Disclosure	Section / Paragraph			
GRI 2: GENERAL DISCLOSURES 2021					
The organization and its reporting practices					
Disclosure 2-1	Organizational details	Section: Company Overview			
Disclosure 2-2	Entities included in the organization's sustainability reporting	Section: About this report			
Disclosure 2-3	Reporting period, frequency and contact point	Section: About this report			
Disclosure 2-4[1]	Restatements of information	Section: About this report			
Disclosure 2-5[2]	External assurance	n.a.			
Activities and workers					
Disclosure 2-6	Activities, value chain and other business relationships	Sections: Company Overview, About Marelli			
Disclosure 2-7[3]	Employees	Sections: Company Overview, About Marelli, Employee engagement			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Total number of employees (directly employed by Marelli)	**number (head count)**	**Group**	**58,077**	**54,058**	**50,368**
– of which women	number (head count)	Group	14,522	15,702	14,926
– of which women	%	Group	25.00%	29.05%	29.63%
– of which men	number (head count)	Group	37,837	38,356	35,441
– of which men	%	Group	65.15%	70.95%	70.36%
– of which undefined 'other'[4]	number (head count)	companies/countries for which gender information is not available	5,718	0	1
– of which undefined 'other'[4]	%	companies/countries for which gender information is not available	9.85%	0.00%	0.00%
Number of permanent employees	**number (head count)**	**Group**	**55,755**	**51,832**	**48,355**
– of which to women	number (head count)	Group	13,738	14,908	14,155
– of which men	number (head count)	Group	36,376	36,924	34,199
– of which undefined 'other'[4]	number (head count)	companies/countries for which gender information is not available	5,641	0	1
– of which EMEA	number (head count)	companies of the region	20,993	20,299	18,120
– of which APAC	number (head count)	companies of the region	16,943	13,946	12,643
– of which NAM	number (head count)	companies of the region	13,179	12,936	12,937
– of which LATAM	number (head count)	companies of the region	4,640	4,651	4,655
Number of temporary employees	**number (head count)**	**Group**	**2,322**	**2,226**	**2,013**
– of which to women	number (head count)	Group	784	794	771
– of which men	number (head count)	Group	1,461	1,432	1,242
– of which undefined 'other'[4]	number (head count)	companies/countries for which gender information is not available	77	0	0
– of which EMEA	number (head count)	companies of the region	753	804	729
– of which APAC	number (head count)	companies of the region	1,232	669	606
– of which NAM	number (head count)	companies of the region	80	463	378
– of which LATAM	number (head count)	companies of the region	257	290	300
Number of non-guaranteed hours employees	**number (head count)**	**Group**	**n.a.**	**n.a.**	**n.a.**
Number of full-time employees	**number (head count)**	**Group**	**57,608**	**53,621**	**49,982**
– of which to women	number (head count)	Group	14,181	15,363	14,628
– of which men	number (head count)	Group	37,718	38,258	35,353
– of which undefined 'other'[4]	number (head count)	companies/countries for which gender information is not available	5,709	0	1

n.a. = Data not available

1 The 2021 environmental data have been restated according to the changes in the boundary consisting in the addition of 15 productive sites and the removal of 3. The 2021 data for training hours in human rights has been restated as the internal training identification has been changed.

2 No external assurance was performed for this report.

3 Internal head count does not include employees on long leave.

4 Employees working in Mexico and the United States during 2020 for whom gender information is unavailable.

Table of GRI standards continued

GRI Standard	Disclosure	Section / Paragraph			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Number of part-time employees	**number (head count)**	**Group**	**469**	**437**	**386**
– of which to women	number (head count)	Group	341	339	298
– of which men	number (head count)	Group	119	98	88
– of which undefined 'other'[5]	number (head count)	companies/countries for which gender information is not available	9	0	0
Disclosure 2-8[6]	Workers who are not employees	n.a.			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Total number of workers who are not employees and whose work is controlled by the organization[7]	**number (head count)**	**Group**	**5,512**	**4,195**	**4,855**
Disclosure 2-9	Governance structure and composition	Section: Governance *Paragraph: Board and committees*			
Disclosure 2-10	Nomination and selection of the highest governance body	Section: Governance *Paragraph: Board and committees*			
Disclosure 2-11	Chair of the highest governance body	Section: Governance *Paragraph: Board and committees*			
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	Section: Governance *Paragraph: Sustainability governance structure*			
Disclosure 2-13	Delegation of responsibility for managing impacts	n.a.			
Disclosure 2-14	Role of the highest governance body in sustainability reporting	Section: Governance *Paragraph: Sustainability governance structure*			
Disclosure 2-15	Conflicts of interest	Section: Compliance *Paragraph: Code of conduct and whistleblowing process*			
Disclosure 2-16	Communication of critical concerns	Section: Risk management			
Disclosure 2-17[8]	Collective knowledge of the highest governance body	n.a.			
Disclosure 2-18[9]	Evaluation of the performance of the highest governance body	n.a.			
Disclosure 2-19[10]	Remuneration policies	n.a.			
Disclosure 2-20[11]	Process to determine remuneration	n.a.			
Disclosure 2-21[12]	Annual compensation ratio	n.a.			
Strategy, policies and practices					
Disclosure 2-22	Statement on sustainable development strategy	Section: Opening letter from CEO			
Disclosure 2-23	Policy commitments	Section: Compliance *Paragraph: Code of conduct and whistleblowing process*			
Disclosure 2-24	Embedding policy commitments	Section: Compliance *Paragraph: Code of conduct and whistleblowing process*			

n.a. = Data not available

5 Employees working in Mexico and the United States during 2020 for whom gender information is unavailable.

6 Agency workers and Contractors.

7 Increasing variance in 2022 compared to 2021 is due to the recovery of production activity after the Covid-19 pandemic, with the need of adaptation to market fluctuations.

8 Information unavailable related to measures taken to advance the collective knowledge, skills, and experience of the Board on sustainable development.

9 The Board does not conduct a formal and rigorous annual evaluation of its effectiveness.

10 i. For the highest governance body fixed and variable pay is determined, approved and measured by the Board of Directors, while for executives is determined and approved by the NGHCC.
ii. Sign-on bonuses or recruitment incentive payments are agreed by contract.
iii. Termination payments are paid based on individual contracts.
iv. Marelli does not have policy on clawbacks.
v. Retirement benefits are based on individual contracts or local legal requirements.

11 i. The process is overseeing by independent highest governance body members and an independent remuneration committee.
ii. Remunerations are approved during a committee meeting.
iii. External independent third parties are involved in determining remuneration.

12 Information unavailable. Marelli is refining the data collection process in preparation for disclosure of this indicator in the next edition of the report.

Table of GRI standards continued

GRI Standard	Disclosure	Section / Paragraph
Disclosure 2-25	Processes to remediate negative impacts	Section: Risk Management
Disclosure 2-26	Mechanisms for seeking advice and raising concerns	Section: Compliance *Paragraph: Code of conduct and whistleblowing process*
Disclosure 2-27[13]	Compliance with laws and regulations	Section: Environmental management
Disclosure 2-28	Membership associations	Section: Stakeholder Engagement *Paragraph: Key membership associations*
Stakeholder engagement		
Disclosure 2-29	Approach to stakeholder engagement	Section: Stakeholder Engagement
Disclosure 2-30	Collective bargaining agreements	Section: Labor Relations *Paragraph: Collective bargaining agreements*

	Unit of measurement	Scope	2020	2021	2022
percentage of total employees covered by collective bargaining agreements[14]	%	Group	69.8%	77.4%	78.0%

GRI 3: MATERIAL TOPICS 2021		
Disclosure 3-1	Process to determine material topics	Section: Materiality assessment *Paragraph: Our materiality process conducted in 2022*
Disclosure 3-2	List of material topics	Section: Materiality assessment *Paragraph: Our strategy and material topics*

Material topics

GRI Standard	Disclosure	Section / Paragraph
GOVERNANCE & COMPLIANCE		
Material topics 2021 Disclosure 3-3	Management of material topics	Sections:Governance,Compliance
COMPETITIVE BEHAVIOR		
Material topics 2021 Disclosure 3-3	Management of material topics	Section: Risk Management *Case study: Competitive behavior: AI to improve risk management*
SUSTAINABILITY IN SUPPLY CHAIN		
Material topics 2021 Disclosure 3-3	Management of material topics	Section: Sustainability in supply chain
GRI 204: PROCUREMENT PRACTICES 2016		
Disclosure 204-1[15]	Proportion of spending on local suppliers	Section: Sustainability in supply chain *Paragraph: Engaging and assessing our suppliers*

Procurement budget spent on suppliers of the following locations (please insert only direct procurement – service excluded)	**Unit of measurement**	**2020**	**2021**	**2022**
ASEAN	JPY per year	32,091	153,150	123,028
China	JPY per year	135,254		
India	JPY per year	10,867		
Japan and Korea	JPY per year	105,761		51,048
Europe	JPY per year	215,500	210,501	231,496
North America	JPY per year	137,572	104,790	123,437
South America	JPY per year	25,123	26,331	34,570

MATERIAL SOURCING		
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Environmental Management *Paragraph: Circular economy* Section: Innovating for sustainability *Paragraph: Material sourcing consideration under Marelli's design mindset*

13 No significant environmental instances were identified during 2022. Marelli defines significant instances as instances that generates an impact greater than JPY 443 million (EUR 3 million) from a Free cash flow (FCF) perspective or JPY 590 million (EUR 4 million) in terms of EBIT.

14 Information based on a survey that covered 96.3% of Marelli's global headcount in 2020, 96.7% in 2021 and 99.2% in 2022.

15 Only suppliers from direct materials are scoped.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
Disclosure 308-1[16]	New suppliers that were screened using environmental criteria	Section: Sustainability in supply chain *Paragraph: Non-compliance procedure*	
		Unit of measurement	**2022**
Percentage of new suppliers that were screened using environmental criteria[17]		%	100%
Disclosure 308-2[16]	Negative social impacts in the supply chain and actions taken	Section: Sustainability in supply chain *Paragraph: Non-compliance procedure*	
		Unit of measurement	**2022**
Suppliers assessed for environmental impacts[18]		number/year	147
Suppliers identified as having significant actual and potential negative environmental impacts[18]		number/year	32
Suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment[18]		number/year	5
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment[18]		%	15.6%
Suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment[18]		number/year	0
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment[18]		%	0%
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
Disclosure 414-1[16]	New suppliers that were screened using social criteria	Section: Sustainability in supply chain *Paragraph: Non-compliance procedure*	
		Unit of measurement	**2022**
Percentage of new suppliers that were screened using social criteria.[18]		%	100%
Disclosure 414-2[16]	Negative social impacts in the supply chain and actions taken	Section: Sustainability in supply chain *Paragraph: Non-compliance procedure*	
		Unit of measurement	**2022**
Suppliers assessed for social impacts[18]		number/year	147
Suppliers identified as having significant actual and potential negative social impacts[18]		number/year	20
Suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment[18]		number/year	6
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment[18]		%	30%
Suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment[18]		number/year	0
Percentage of suppliers densified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment[18]		%	0%
non-GRI	Sustainable Procurement	Section: Sustainability in supply chain *Paragraph: Engaging and assessing our suppliers*	

16 Data from worldwide suppliers for direct materials.

17 New process started in 2022.

18 Data related to the new process started in 2022.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph	
		Unit of measurement	**2022**
Percentage of buyers across all locations who have received training on sustainable procurement		%	100%
Percentage of targeted suppliers that have gone through a CSR assessment (e.g. questionnaire)		%	35.37%
Percentage of targeted suppliers that have gone through a CSR on-site audit[19]		%	100%
Percentage of targeted suppliers that have accepted the sustainable procurement charter/supplier code of conduct		%	87%
Percentage of targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements		%	87%
Percentage or number of audited/assessed suppliers engaged in corrective actions or capacity building[20]		% (or number)	100%
GRI 301: MATERIALS 2016			
Disclosure 301-1	Materials used by weight	Section: Environmental Management *Paragraph: Circular economy design*	
	Unit of measurement	**Scope**	**2022**
Total materials used[21]	**mt/year**	**Group**	**245,024**
– of which resins	mt/year	Group	120,000
– of which steel[22]	mt/year	Group	105,000
– of which aluminum	mt/year	Group	20,024
Disclosure 301-2	Recycled input materials used	Section: Environmental Management *Paragraph: Circular economy design*	
	Unit of measurement	**Scope**	**2022**
Total recycled input materials[23]	**mt/year**	**Group**	**57,506**
– of which resins	mt/year	Group	2,000
– of which steel	mt/year	Group	37,500
– of which aluminum	mt/year	Group	18,006
– Recycled input materials ratio	%	Group	23.5
CIRCULAR ECONOMY DESIGN			
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Environmental Management *Paragraph: Circular economy design* *Section: Innovating for sustainability, Paragraph: Material sourcing consideration under Marelli's design mindset*	
WASTE MANAGEMENT			
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Environmental Management *Paragraph: Waste management*	

19 All 5 planned audits have been executed.

20 Data related only to audited suppliers.

21 Information unavailable for years 2020 and 2021.

22 Data refers to stainless steel and carbon steel.

23 2022 data is estimated from the quantity of recycled input materials based on the information provided by suppliers.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph		
GRI 306: WASTE 2020				
Disclosure 306-1	Waste generation and significant waste-related impacts	Section: Environmental Management *Paragraph: Waste management*		
Disclosure 306-2	Management of significant waste-related impacts	Section: Environmental Management *Paragraph: Waste management*		
Disclosure 306-5	Waste directed to disposal	Section: Environmental Management *Paragraph: Waste management*		
	Unit of measurement	**Scope**	**2021**	**2022**
Total hazardous and non-hazardous waste directed to disposal[24]	**mt/year**	**Group**	**13,263.640**	**13,268.816**
– of which sent to incineration (with energy recovery)	mt/year	Group	5,959.396	6,305.299
– of which sent to incineration (without energy recovery)	mt/year	Group	1,408.486	1,475.399
– Landfilling	mt/year	Group	2,771.479	2,070.717
– Other disposal options	mt/year	Group	3,124.279	3,417.401
Total hazardous waste	**mt/year**	**Group**	**4,477.677**	**4,533.719**
– of which sent to incineration (with energy recovery)	mt/year	Group	2,118.880	1,883.328
– of which sent to incineration (without energy recovery)	mt/year	Group	796.764	656.270
– Landfilling	mt/year	Group	24.688	22.408
– Other disposal options	mt/year	Group	1,537.346	1,971.713
Total non hazardous waste	**mt/year**	**Group**	**8,785.963**	**8,735.097**
– of which sent to incineration (with energy recovery)	mt/year	Group	3,840.516	4,421.971
– of which sent to incineration (without energy recovery)	mt/year	Group	611.722	819.129
Landfilling	mt/year	Group	2,746.791	2,048.309
Other disposal options	mt/year	Group	1,586.934	1,445.688
Disclosure 306-4	Waste diverted from disposal	Section: Environmental Management *Paragraph: Waste management*		
	Unit of measurement	**Scope**	**2021**	**2022**
Total hazardous and non-hazardous waste diverted from disposal	**mt/year**	**Group**	**74,561.287**	**72,228.525**
– Of which sent to preparation for reuse	mt/year	Group	0	0
– Of which sent to recycling	mt/year	Group	74,561.287	72,228.525
– of which sent to other recovery operations	mt/year	Group	0	0
Total hazardous waste	**mt/year**	**Group**	**1,736.079**	**1,961.150**
– Of which sent to preparation for reuse	mt/year	Group	0	0
– Of which sent to recycling	mt/year	Group	1,736.079	1,961.150
– of which sent to other recovery operations	mt/year	Group	0	0
Total non hazardous waste	**mt/year**	**Group**	**72,825.208**	**70,267.375**
– Of which sent to preparation for reuse	mt/year	Group	0	0
– Of which sent to recycling	mt/year	Group	72,825.208	70,267.375
– of which sent to other recovery operations	mt/year	Group	0	0
CLIMATE CHANGE ACTION & ENERGY MANAGEMENT				
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Climate Change Risks and Opportunities Management Section: Climate change action & energy management		

24 All waste data refers to waste generated by ordinary activities. 2021 data have been restated according to the 2022 perimeter. All hazardous and non-hazardous waste has been directed to off-site disposal.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph		
GRI 302: ENERGY 2016				
Disclosure 302-1 Energy consumption within the organization	Energy consumption within the organization	Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021**	**2022**
Total indirect energy consumption[25]	**GJ/Year**	**Group**	**3,882,135.253**	**3,840,991.455**
– of which electricity consumption from non-renewable sources	GJ/Year	Group	3,300,282.437	2,796,422.643
– of which purchased electricity from certified renewable sources	GJ/Year	Group	529,334.851	1,003,562.571
– of which heat from non-renewable sources	GJ/Year	Group	44,922.760	32,229.804
– of which heat from renewable sources	GJ/Year	Group	4,997.360	3,684.000
– of which steam from non-renewable sources	GJ/Year	Group	0	0
– of which cooling from non-renewable sources	GJ/Year	Group	260.900	253.900
– of which cooling from renewable sources	GJ/Year	Group	0	0
– of which compressed air from non-renewable sources	GJ/Year	Group	2,336.945	4,838.538
– of which compressed air from renewable sources	GJ/Year	Group	0	0
	Unit of measurement	**Scope**	**2021**	**2022**
Total direct energy consumption[25]	**GJ/Year**	**Group**	**1,050,211.629**	**996,947.363**
– of which natural gas	GJ/Year	Group	880,451.781	804,118.021
– of which gasoline	GJ/Year	Group	1,045.250	1,077.700
– of which diesel	GJ/Year	Group	3,136.124	2,960.518
– of which LPG	GJ/Year	Group	143,605.411	165,193.668
– of which HSC and LSW oil	GJ/Year	Group	1,090.280	1,101.810
– of which A-type heavy oil	GJ/Year	Group	16,109.996	17,459.686
– of which renewable fuels	GJ/Year	Group	0	0
– of which self produced renewable electricity	GJ/Year	Group	4,772.787	5,035.960
Total energy consumption[25]	**GJ/Year**	**Group**	**4,932,346.882**	**4,837,938.819**
Disclosure 302-2	Energy Intensity	Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021**	**2022**
Energy intensity	**GJ/worked hours**	**Group**	**0.063**	**0.062**
non-GRI	Energy management systems	Section: Climate Change Risks and Opportunities Management Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021**	**2022**
Number of sites with a certified ISO 50001 energy management system	Number of sites	Group	27	27

25 2021: data have been restated according to the 2022 perimeter.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph		
GRI 305: EMISSIONS 2016				
Disclosure 305-1	Direct Scope 1 GHG emission	Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021 (restated)**	**2022**
Scope 1 GHG emissions[26]	$mtCO_2e$/year	Group	60,090.970	57,265.460
Disclosure 305-2	Indirect Scope 2 GHG emission	Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021**	**2022**
Scope 2 GHG emissions (market-based)[26]	$mtCO_2e$/year	Group	395,031.292	372,823.708
Scope 2 GHG emissions (local-based)[27]	$mtCO_2e$/year	Group	399,215.390	408,353.936
Disclosure 305-3[28]	Other indirect GHG emissions (Scope 3)	Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021**	**2022**
Scope 3 GHG emissions	**$mtCO_2e$/year**	**Group**	**n.a.**	**2,039,598**
Scope 3 – category 1 Purchased goods and services	$mtCO_2e$/year	Group	n.a.	1,432,965
Scope 3 – category 2 Capital goods	$mtCO_2e$/year	Group	n.a.	113,265
Scope 3 – category 3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	$mtCO_2e$/year	Group	n.a.	27,200
Scope 3 – category 4 Upstream transportation and distribution	$mtCO_2e$/year	Group	n.a.	450,133
Scope 3 – category 5 Waste generated in operations	$mtCO_2e$/year	Group	n.a.	4,560
Scope 3 – category 6 Business travel	$mtCO_2e$/year	Group	n.a.	11,475
Disclosure 305-4	GHG emissions intensity	Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021**	**2022**
Scope 1 and Scope 2 (market-based) GHG emissions intensity ratio[26]	$mtCO_2e$/worked hour	Group	0.0058	0.0055
Disclosure 305-5	Reduction of GHG emissions	Section: Climate change action & energy management		
	Unit of measurement	**Scope**		**2022**
Scope 1 and 2 emissions reduction[29]	**$mtCO_2e$/year**	**Group**		**-25,033.094**
– of which for change in renewable energy consumption	$mtCO_2e$/year	Group		-33,938.466
– of which for other emission reduction activity	$mtCO_2e$/year	Group		-2,712.741
– of which for change in output	$mtCO_2e$/year	Group		11,618.112
TOXIC EMISSIONS				
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Environmental management *Paragraph: EHS management and framework*		

n.a. = Data not available

26 2021: data have been restated according to the 2022 perimeter.

27 2021: data have been restated according to 2022 perimeter. 2022: Scope 2 location-based emissions increased due to higher workload and location based emissions factors.

28 Scope 3 emissions calculations has been performed according to the spend-based method by GHG Protocol. Data provided is related to material emissions for Marelli.

29 Reduction calculated from 2021 baseline (restated data).

Material topics continued

GRI Standard	Disclosure	Section / Paragraph		
GRI 305: EMISSIONS 2016				
Disclosure 305-6	Other air emissions	Section: Climate change action & energy management		
	Unit of measurement	**Scope**	**2021**	**2022**
Total other significant air emissions[30]	mt/year	Group	135.195	128.401
NOx	mt/year	Group	125.539	118.095
SOx	mt/year	Group	9.657	10.307
WATER				
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Water		
GRI 303: WATER AND EFFLUENTS 2018				
Disclosure 303-3	Water withdrawal	Section: Water *Paragraph: Reducing water withdrawal*		
	Unit of measurement	**Scope**	**2021**	**2022**
Total water withdrawal[30]	**ML /year**	**Group**	**2,464.199**	**2,221.245**
Surface water withdrawn[31]	ML/year	Group	104.566	87.621
– of which from water stress area[32]	ML/year	Group	0	0
percentage from water stress area	%	Group	0	0
Groundwater withdrawn	**ML/year**	**Group**	**410.668**	**364.954**
– of which from water stress area[33]	ML/year	Group	2.150	1.160
percentage from water stress area	%	Group	0.5%	0.3%
Seawater withdrawn	**ML/year**	**Group**	**0**	**0**
– of which from water stress area	ML/year	Group	0	0
percentage from water stress area	%	Group	0	0
Third party water (e.g. municipal water suppliers and municipal wastewater treatment plants, public or private utilities)	ML/year	Group	1,948.965	1,768.670
– of which from water stress area[34]	ML/year	Group	685.060	635.450
percentage from water stress area	%	Group	35%	36%
Disclosure 303-4	Water discharge	Section: Water *Paragraph: Reducing water withdrawal*		
	Unit of measurement	**Scope**	**2021**	**2022**
Total water discharged[30]	**ML /year**	**Group**	**1,501.865**	**1,340.927**
– to surface water	ML/year	Group	99.364	81.599
– of which from water stress area	ML/year	Group	1.039	0.504
percentage from water stress area	%	Group	1%	0.6%
– to groundwater[35]	ML/year	Group	0	0
– of which from water stress area	ML/year	Group	0	0
percentage from water stress area	%	Group	0	0

30 2021 data have been restated according to the 2022 perimeter.

31 Surface water data includes rain water.

32 Sites in Water stressed area have been determined using the Aqueduct tool (Water Resource Institute), sites classified as Extremely High (>80%) for Baseline Water Stress have been considered in water stress area.

33 The water stress area identified is located in China.

34 The water stress areas identified are located in China, India, Italy, Mexico, Morocco, Romania, Thailand.

35 Information unavailable for groundwater discharges at the moment of the reporting process.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph		
– to seawater[36]	ML/year	Group	0	0
– of which from water stress area	ML/year	Group	0	0
percentage from water stress area	%	Group	0	0
– to third party water (e.g. municipal water suppliers and municipal wastewater treatment plants, public or private utilities)	ML/year	Group	1,402.501	1,259.327
– of which from water stress area	ML/year	Group	392.539	335.396
percentage from water stress area	%	Group	28%	27%
Disclosure 303-5	Water consumption	Section: Water *Paragraph: Reducing water withdrawal*		
	Unit of measurement	**Scope**	**2021**	**2022**
Total Water consumption[30]	**ML/year**	**Group**	**962.334**	**880.319**
– of which from water stress area	ML/year	Group	293.632	300.710
non-GRI	Recycled water index	Section: Water *Paragraph: Reducing water withdrawal*		
	Unit of measurement	**Scope**	**2021**	**2022**
Recycled water index[37]	%	Group	92.5%	92.3%
Water recycled and reused[38]	ML/year	Group	30,428.830	26,524.150
non-GRI	Environmental management systems and Environmental audits	Section: Environmental management *Paragraph: EHS management and framework*		
	Unit of measurement	**Scope**	**2021**	**2022**
Number of sites with a certified ISO 14001 environmental management system	Number of sites	Group	105	107
Number of sites with a certified ISO 14001 environmental management system[39]	%	Group	93	95
Third party audits[40]	number	Group	n.a.	100
Internal audits[40]	number	Group	n.a.	293
BIODIVERSITY				
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Environmental management *Paragraph: EHS management and framework*		
EMPLOYEE ENGAGEMENT				
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Employee Engagement		

n.a. = Data not available

36 Information unavailable for sea water discharges at the moment of the reporting process.

37 Recycled water index is calculated by dividing the volume of recycled/reused water by the total amount of water withdrawn and recycled/reused water.

38 Recycled water is defined as water that has been utilized more than once in the same production cycle or in another cycle without receiving any kind of treatment. Reused treated effluents are referred as reused water.

39 Percentage calculated considering the total number of productive sites (113).

40 Information on number of third-party and internal audit are collected with Marelli corporate data collection tool starting from 2022.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph			
GRI 401: EMPLOYMENT 2016					
Disclosure 401-1	New employee hires and employee turnover	Section: Employee Engagement			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
New hires in reporting year (permanent employees only)	**number (head count)**	**Group**	**7,349**	**9,460**	**9,967**
hiring rate (tot)	%	Group	13.18%	18.25%	20.61%
– of which female	number (head count)	Group	2,019	3,464	3,867
hiring rate female	%	Group	14.70%	23.24%	27.32%
– of which male	number (head count)	Group	4,706	5,989	6,099
hiring rate male	%	Group	12.94%	16.22%	17.83%
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	624	7	1
hiring rate 'other'	%	companies/countries for which gender information is not available	11.06%	n.a.	100.00%
– of which < 30 years old	number (head count)	Group	3,011	4,868	5,566
hiring rate <30	%	Group	26.79%	40.97%	52.90%
– of which 30 <= x <= 50	number (head count)	Group	3,662	4,069	3,969
hiring rate 30<=x<=50	%	Group	10.27%	12.62%	13.10%
– of which > 50 years old	number (head count)	Group	676	523	432
hiring rate >50	%	Group	6.05%	5.27%	4.53%
New hires of which EMEA	number (head count)	EMEA	832	1,120	1,095
hiring rate EMEA	%	EMEA	3.83%	5.31%	5.81%
New hires of which APAC	number (head count)	APAC	2,564	1,659	1,610
hiring rate APAC	%	APAC	14.11%	11.35%	12.15%
New hires of which NAM	number (head count)	NAM	3,657	6,083	6,739
hiring rate NAM	%	NAM	27.58%	45.40%	50.61%
New hires of which LATAM	number (head count)	LATAM	296	598	523
hiring rate LATAM	%	LATAM	6.04%	12.10%	10.55%
Leavers in reporting year (Permanent employees only)	**number (head count)**	**Group**	**10,096**	**13,802**	**13,687**
leavers rate (tot)	%	Group	17.38%	25.53%	27.17%
– of which voluntary leavers	number (head count)	Group	2,573	5,910	7,353
leavers rate voluntary	%	Group	4.61%	11.40%	15.21%
– of which female	number (head count)	Group	2,665	4,200	4,535
leavers rate female	%	Group	19.40%	28.17%	32.04%
– of which male	number (head count)	Group	6,393	8,875	9,152
leaver rate male	%	Group	17.57%	24.04%	26.76%
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	1,038	727	0
leaver rate 'other'	%	companies/countries for which gender information is not available	18.40%	n.a.	0%
– of which < 30 years old	number (head count)	Group	2,845	4,654	5,515
leavers rate <30	%	Group	25.31%	39.17%	52.42%
– of which 30 <= x <= 50	number (head count)	Group	5,568	7,329	1,824
leavers rate 30<=x<=50	%	Group	15.61%	22.73%	6.02%
– of which > 50 years old	number (head count)	Group	1,683	1,819	6,348
leavers rate >50	%	Group	15.07%	18.32%	66.55%
Leavers of which EMEA	number (head count)	EMEA	1,879	2,060	3,218
leaver rate EMEA	%	EMEA	8.64%	9.76%	17.07%
Leavers of which APAC	number (head count)	APAC	4,182	4,785	2,822
leaver rate APAC	%	APAC	23.01%	32.74%	21.30%

n.a. = Data not available

Material topics continued

GRI Standard	Disclosure	Section / Paragraph			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Leavers of which NAM	number (head count)	NAM	3,607	6,330	7,049
leaver rate NAM	%	NAM	27.20%	47.24%	52.94%
Leavers of which LATAM	number (head count)	LATAM	428	627	598
leaver rate LATAM	%	LATAM	8.74%	12.69%	12.07%
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	Section: Employee well-being			
Disclosure 401-3	Parental leave	Section: Employee well-being			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Total number of employees that were entitled to parental leave	**number (head count)**	**Group**	13,566	39,059	36,619
– of which female	number (head count)	Group	4,020	11,692	11,217
– of which male	number (head count)	Group	9,546	27,367	25,402
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	0	0	0
Total number of employees that took parental leave	**number (head count)**	**Group**	550	1,870	2,919
– of which female	number (head count)	Group	354	882	1,288
– of which male	number (head count)	Group	196	988	1,631
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	0	0	0
Total number of employees that returned to work in the reporting period after parental leave ended	**number (head count)**	**Group**	281	1,547	2,622
– of which female	number (head count)	Group	97	578	1,009
– of which male	number (head count)	Group	184	969	1,613
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	0	0	0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	**number (head count)**	**Group**	235	902	2,142
– of which female	number (head count)	Group	67	376	767
– of which male	number (head count)	Group	168	526	1,375
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	0	0	0
Return to work rate	%	Group	51.09%	82.73%	89.83%
Retention rate	%	Group	n.a.	321.00%	138.46%

n.a. = Data not available

Material topics continued

GRI Standard	Disclosure	Section / Paragraph			
GRI 404: TRAINING AND EDUCATION 2016					
Disclosure 404-1[41]	Average hours of training per year per employee	Section: Employee Training and Development			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Total hours of training provided to employees	**hours/year**	**Group**	**429,122**	**444,199.14**	**429,704.34**
– of which voluntary training (i.e. not required by laws)	hours/year	Group	268,113	315,258	291,194
– of which diversity, discrimination and harassment training	hours/year	Group	n.a.	435	18,429
– of which Health and Safety training	hours/year	Group	101,490	83,114	81,702
– of which Human Rights training	hours/year	Group	2,779	3,305	4,814
– of which Business Ethics and Compliance trainings	hours/year	Group	n.a.	11,791	1,440
– of which Cyber Security and Data Privacy training	hours/year	Group	n.a.	21,284	19,715
– of which training on Manufacturing Management System (Monozukuri and World Class Manufacturing)	hours/year	Group	56,741	9,013	12,411
Hours of training provided per employee	hours/employee	Group	7.39	8.22	8.53
Total hours of training provided to female employees	**hours/year**	**Group**	**109,924**	**88,109**	**96,661**
Hours of training provided per female employee	hours/employee	Group	7.57	5.61	6.48
Total hours of training provided to male employees	**hours/year**	**Group**	**311,619**	**332,003**	**333,025**
Hours of training provided per male employee	hours/employee	Group	8.24	8.66	9.40
Total hours of training provided to 'other' employees[42]	**hours/year**	**companies/countries for which gender information is not available**	**7,579**	**24,086**	**18.75**
Hours of training provided per 'other' employee	hours/employee	companies/countries for which gender information is not available	1.33	n.a.	18.75
Total hours of training provided to Managers[43]	**hours/year**	**Group**	**46,058**	**57,824**	**41,193**
Hours of training provided per Manager	hours/employee	Group	5.67	12.80	9.80
Total hours of training provided to salaried employees[44]	**hours/year**	**Group**	**188,851**	**216,451**	**199,052**
Hours of training provided per salaried employee	hours/employee	Group	13.41	14.69	15.06
Total hours of training provided to hourly employees[45]	**hours/year**	**Group**	**194,213**	**169,924**	**189,460**
Hours of training provided per hourly employee	hours/employee	Group	5.41	4.88	5.75
Training expenditures	JPY	Group	1,9 Oku	4,6 Oku	4,3 Oku

n.a. = Data not available

41 All the data provided exclude Korea. 2021 Human rights training data have been restated due to mistaken calculation.

42 Due to the limitation of the training system it is not always possible to identify male and female, hence the registration is based on employee ID number

43 Data related to positions of supervisors and above.

44 Employees classified as "salaried" receive a fixed amount of pay regardless of how many hours they work each week. In Marelli, such category includes all job titles with global grade "Salaried" and above.

45 Employees classified as "hourly" are paid for the actual amount of hours they work . In Marelli, hourly employees are typically in nature positions related directly or indirectly to production within the following departments: Manufacturing, Quality, Logistics, and Maintenance.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph			
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Section: Employee Training and Development			
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Section: Employee Training and Development *Case study: performance evaluation process*			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Number of employees receiving regular performance and career development reviews	**number (head count)**	**Group**	**34,836**	**34,183**	**31,850**
Percentage of employees receiving regular performance and career development reviews	%	Group	60%	63%	63%
– of which Women	number (head count)	Group	10,227	9,988	9,494
percentage of Women	%	Group	70%	64%	64%
– of which men	number (head count)	Group	24,609	24,195	22,356
percentage of men	%	Group	65%	63%	63%
– of which Managers	number (head count)	Group	529	585	529
percentage of Managers	%	Group	7%	13%	13%
– of which salaried employees	number (head count)	Group	19,219	17,838	15,986
percentage of salaried employees	%	Group	136%	121%	121%
– of which hourly employees	number (head count)	Group	15,087	15,605	14,772
percentage of hourly employees	%	Group	42%	45%	45%
non-GRI	Employee surveys	Section: Employee engagement *Case study: Great place to work survey*			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Number of employees who participated to an employee survey during the year[46]	n	Group	n.a.	87% of Salary Workforce = Approximately 5,636	n.a.
OCCUPATIONAL HEALTH & SAFETY					
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Occupational Health & Safety			
GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018					
Disclosure 403-1	Occupational health and safety management system	Section: Occupational Health & Safety			
Disclosure 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Section: Occupational Health & Safety			
Disclosure 403-9	Work-related injuries	Section: Occupational Health & Safety			
	Unit of measurement	**Scope**		**2021**	**2022**
Employees					
Number of injuries[47]	**number/year**	**Group**		**482**	**497**
– of which number of fatal injuries	number/year	Group		0	1
– of which high consequences loss time injuries (LTI)	number/year	Group		25	18
– of which LTI	number/year	Group		55	66
– of which first aid (FA)	number/year	Group		402	412
Number of commuting injuries	number/year	Group		135	157
Worked hours	number/year	Group		91,596,090	90,019,475

n.a. = Data not available

46 Surveys are delivered every 2 years. Next survey is planned for July 2023 on the total headcount.

47 Occupational health and safety data has been collected for 27 non manufacturing sites (R&D centers, headquarters and offices) and 142 manufacturing sites.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph		
	Unit of measurement	**Scope**	**2021**	**2022**
Rate of fatalities as a result of work-related injury	(Fatal injuries/Worked hours) x 1,000,000	Group	0	0.011
Rate of high-consequence work-related injuries (excluding fatalities)	(High consequences LTI/Worked hours) x 1,000,000	Group	0.27	0.20
Rate of recordable work-related injuries	(Total LTI and high consequences LTI+FA)/Worked hours x 1,000,000	Group	5.26	5.52
Rate of total LTI (included high consequences loss LTI)	(Total LTI including high consequence LTI and fatal injuries/ Worked hours x 1,000,000	Group	0.87	0.94
Workers who are not employees				
	Unit of measurement	**Scope**	**2021**	**2022**
Number of injuries[48]	**number/year**	**Group**	**39**	**38**
– of which number of fatal injuries	number/year	Group	0	0
– of which high consequences loss time injuries (LTI)	number/year	Group	9	2
– of which LTI	number/year	Group	5	2
– of which first aid (FA)	number/year	Group	25	34
Worked hours	number/year	Group	16,359,756	16,323,330
	Unit of measurement	**Scope**	**2021**	**2022**
Rate of fatalities as a result of work-related injury	(Fatal injuries/Worked hours) x 1,000,000	Group	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	(High consequences LTI/Worked hours) x 1,000,000	Group	0.55	0.12
Rate of recordable work-related injuries	(Total LTI and high consequences LTI+FA)/Worked hours x 1,000,000	Group	2.38	2.33
Rate of total LTI (included high consequences loss LTI)	(Total LTI including high consequence LTI and fatal injuries/ Worked hours x 1,000,000	Group	0.86	0.25
Disclosure 403-10	Work-related ill health	Section: Occupational Health & Safety		
	Unit of measurement	**Scope**	**2021**	**2022**
Employees				
Number of work-related ill health[49]	number/year	Group	6	5
Workers who are not employees				
Number of work- related ill health[50]	number/year	Group	n.a.	n.a.
non-GRI	Occupational Health and Safety management system	Section: Occupational Health & Safety		
	Unit of measurement	**Scope**	**2021**	**2022**
Number of sites with a certified ISO 45001 health and safety management system[51]	% productive sites covered by certification	Group	46%	54%

n.a. = Data not available

48 The data has been collected for 27 non manufacturing sites (R&D centers, Headquarters and offices) and 142 manufacturing sites.

49 2022 data related to 5 work-related ill health of which 4 biomedical overload and vibration and 1 hearing loss.

50 Data not collected for workers who are not employees.

51 2021 data related to 66 sites certified over 142 productive sites. 2022 data related to 76 sites certified over 142 productive sites.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph			
DIVERSITY & INCLUSION					
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Diversity & Inclusion			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016					
Disclosure 405-1	Diversity of governance bodies and employees	Section: Diversity & Inclusion			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Total number of Managers[52]	**number (head count)**	**Group**	**8,124**	**4,518**	**4,203**
– of which female	number (head count)	Group	1,219	670	657
– of which female	%	Group	15.00%	14.83%	15.63%
– of which men	number (head count)	Group	6,656	3,848	3,546
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	249	0	0
– of which belonging to vulnerable groups and/or minority group (e.g. Employees with disabilities)	number (head count)	Group	0	17	14
– of which < 30 years old	number (head count)	Group	243	45	35
– of which 30 <= x <= 50	number (head count)	Group	5,265	2,698	2,586
– of which > 50 years old	number (head count)	Group	2,616	1,775	1,582
Total number of directors and above	**number (head count)**	**Group**	**598**	**650**	**571**
– of which female	number (head count)	Group	47	70	72
– of which male	number (head count)	Group	513	580	499
– of which undefined 'other'	number (head count)	Group	38	0	0
Total number of salaried employees	**number (head count)**	**Group**	**14,083**	**14,739**	**13,220**
– of which female	number (head count)	Group	3,387	4,048	3,783
– of which men	number (head count)	Group	8,966	10,691	9,437
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	1,730	0	0
– of which belonging to vulnerable groups and/or minority group (e.g. Employees with disabilities)	number (head count)	Group	0	91	68
– of which < 30 years old	number (head count)	Group	3,111	3,161	2,898
– of which 30 <= x <= 50	number (head count)	Group	8,750	9,243	8,268
– of which > 50 years old	number (head count)	Group	2,222	2,335	2,054
Total number of hourly employees	**number (head count)**	**Group**	**35,870**	**34,801**	**32,945**
– of which female	number (head count)	Group	9,916	10,984	10,486
– of which men	number (head count)	Group	22,215	23,817	22,458
– of which undefined 'other'	number (head count)	companies/countries for which gender information is not available	3,739	0	1
– of which belonging to vulnerable groups and/or minority group (e.g. Employees with disabilities)	number (head count)	Group	0	329	321
– of which < 30 years old	number (head count)	Group	7,886	8,676	7,588
– of which 30 <= x <= 50	number (head count)	Group	21,656	20,307	19,455
– of which > 50 years old	number (head count)	Group	6,328	5,818	5,902

52 Please note we updated previous years number to ensure correct comparisons, as we have had focus on top leadership with our Diversity & Inclusion initiative it was important that we align the data. In previous years we put only top leadership in the manager section now we have added true manager level and above.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph			
LABOR RELATIONS					
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Labor Relations			
non-GRI		Section: Labor Relations *Paragraphs: Employee representatives, Labor unrest*			
	Unit of measurement	**Scope**			**2022**
% of the total workforce across all locations who are covered by formally-elected employee representatives[53]	%	Group			61.5%
Total number of days/hours on strike, for significant episode[54]	n	Group			
PRODUCT SAFETY & QUALITY					
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Product safety & quality			
non-GRI	Improvement in productivity and awards	Section: Product safety & quality			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Percentage reduction of Cost per Hour indicator compared to the previous year[55]	%	Group	-0.007	0.03	0.032
Award received (in relation to Quality, excellence of craftmanship, Monozukuri, innovation)[56]	number/year	Group	15	13	30
GRI 416: CUSTOMER HEALTH AND SAFETY 2016					
Disclosure 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Section: Product safety & quality			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Total number of incidents of non-compliance with regulations concerning the health and safety impacts of products and services, resulting in a fine or penalty	%	Group	0	0	0
Total number of incidents of non-compliance with voluntary codes, concerning the health and safety impacts of products and services	%	Group	0	0	0
SOCIAL CONTRIBUTION					
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Sections: Social Contribution, Stakeholder engagement			
RESPECT FOR HUMAN RIGHTS					
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Respect for Human Rights			
DATA RESPONSIBILITY					
GRI 3: Material topics 2021 Disclosure 3-3	Management of material topics	Section: Data responsibility			

53 Survey conducted on 99.1% of Marelli's global headcount. The percentage is calculated on the 49,900 employees mapped.

54 The overall levels of labor unrest and local labor actions were either zero or negligible.

55 Since 2019 Marelli monitors the cost per hour indicator and sets targets for improvement.

56 Customer quality awards.

Material topics continued

GRI Standard	Disclosure	Section / Paragraph			
GRI 418: CUSTOMER PRIVACY 2016					
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Section: Data responsibility			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Total number of substantiated complaints received concerning breaches of customer privacy (automatically calculated)	**number/year**	**Group**	**0**	**0**	**0**
– of which complaints received from outside parties and substantiated by the organization	number/year	Group	0	0	0
– of which complaints from regulatory bodies	number/year	Group	0	0	0
– Number of identified leaks, thefts, or losses of customer data[57]	number/year	Group	0	2	0
non-GRI	Management of material topics	Section: Data responsibility			
	Unit of measurement	**Scope**	**2020**	**2021**	**2022**
Number of external audit on information security[58]	number/year	Group/specific plants	5	12	5
Number of Information Security certifications owned by Marelli	number/year	Group	16	17	19

57 2021 incidents are related to: 1. personal data breach during a web portal configuration of the health service provider of Marelli Japan and, 2. an operational error during a server migration that caused the loss of customer data.

58 The number of external audit in 2020 was limited by COVID. Most audits were managed remotely. No audit managed at Group level in 2020. In 2021: Most audits managed remotely.

About this report

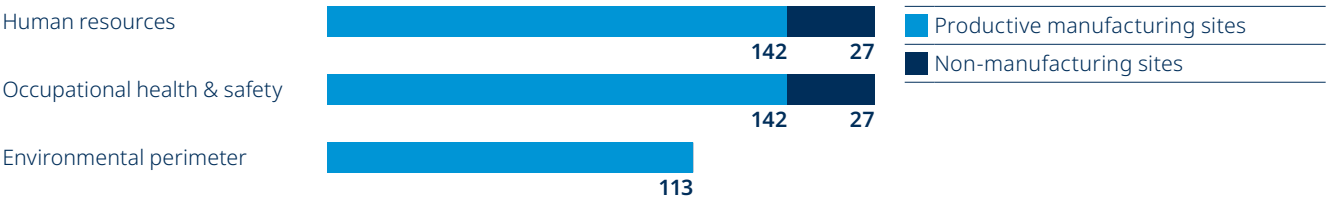
Reporting period and scope

This document is the fourth edition of the Marelli Sustainability Report ('this report'). This report covers the period from January 1, 2022, to December 31, 2022 (the 'reporting period'). It captures Marelli's sustainability achievements in the reporting period. It contains forward-looking statements considered relevant and in progress during the elaboration of the document Q1/2023.

The reporting scope for social, human resources, and occupational health and safety data includes all Marelli operations and consolidated companies for a total of 142 manufacturing productive sites and 27 non-manufacturing sites (e.g. offices, headquarters, R&D centers).

The reporting perimeter for environmental data includes sites where we have control, meaning ownership (direct or indirect) of more than 50% of the voting rights in a legal entity or the power to appoint or elect a majority of the directors of a legal entity, or the power to direct the management of a legal entity.

2022 Sustainability Perimeter



Marelli has disclosed the information cited in the 2022 Sustainability Report with reference to the Universal GRI Standards 2021.

Data restatement

Environmental data for 2021 has been restated in accordance with the updated perimeter. Changes in the boundary consisted of the addition of 14 productive sites and the removal of three sites due to the divestment and closure of sites following the internal procedure for data reporting according to the GHG Protocol.

The 2021 data for training hours in human rights was restated as the internal training identification has been changed. Training data was fine-tuned to be purely devoted to human rights.

Units of measurement

Unit	Symbol
Billion	Bn
Million	M
GHG emissions Metric tons of carbon dioxide equivalent	tCO2e
Volume Cubic meter	m^3
Volume (liquid) Liter Megaliters	L ML
Weight Tonnes (1,000 kg)	t

Forward-looking statements

This report contains forward-looking statements considered relevant and in progress during the elaboration of the document Q1/2023. Please be aware that actual results may differ due to various factors. Publication Date: May 2023.

For further information, contact us at sustainability@marelli.com

MARELLI

marelli.com