



Sustainability Report 2021

Fit for the Future



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Letter From the CEO



My journey at Marelli began in January 2022 as COVID-19 vaccines had thankfully started to provide much relief to global communities. Yet today, the virus continues to have a critical impact on people's lives. The health and well-being of our employees and their families are key priorities for me, not just physical health but also mental health, both of which have been affected over the past two years. Marelli COVID-19 Committees, at both the central and country level, continue to update health and safety guidelines according to local regulations to ensure smart working is balanced with a safe return to the office.

When I joined Marelli, I was very pleased to see that our commitment to carbon neutral operations by 2030 was already in place. In addition, we are focused on reducing energy consumption and developing innovative products to enhance vehicle efficiency. And we are making progress: in 2021, we achieved a 3.1% reduction in carbon emissions from our operations and a 7% decline in energy used per hour of production compared to the previous year, while the ratio of renewable energy usage in operations is 10.7%.

Another key focus area is the growth and well-being of our people. I envision a Marelli where our global and multicultural talents can thrive and grow as a direct result of our diversity and inclusion initiatives. I am pleased to share that our most recent Great Place to Work survey showed that 88% of respondents agree they are treated fairly in the workplace. [The survey results also helped define the actions we are taking in 2022 to improve employee engagement.](#)

That said, I acknowledge we are still early in our progress and our journey toward becoming a climate-neutral organization. The same applies to diversity and inclusion. I'm happy to report that we are making progress in this area, beginning with the creation of a dedicated Diversity & Inclusion Committee in 2021. [Sustainability, Social Responsibility, and Diversity and Inclusion are topics that we are prioritizing in 2022.](#)

Accelerating efforts to respond to mobility trends and harnessing opportunities for the vehicles of tomorrow.

We have a wide range of proven technologies that enable us to provide integrated systems for the future of mobility. Our expertise in electric powertrain and thermal systems offers a unique integrated approach for electric vehicles (EVs) that caters to industry demands. Marelli offers lightweight materials that greatly reduce weight and fuel consumption across segments. Our continued efforts to extend the lifespan of existing vehicles is enabled by retrofitting efficient components to improve fuel economy and reduce emissions for today's internal combustion engine systems.





Further differentiating ourselves through innovation is a priority for us. **We are analyzing next-generation technology battlefields and emerging new business models to make strategic decisions on market segments we want to play in. Sustainability and the circular economy will play a critical role in developing our long-term technology roadmaps.**

To make a difference for our customers, we are engaging with all stakeholders, including our suppliers, employees, and communities at large, to create long-term value for all.

Our corporate policies and procedures provide a clear governance framework to uphold our values and principles, and support responsible corporate citizenship. We are focused on human rights and the health and safety of all those working and partnering with us.

We are building a sustainable supply chain for our business. This will be based on fostering long-lasting and mutually beneficial partnerships. **Due to increased uncertainty around resource availability, material cost, and carbon emissions from long-distance transportation, we aim to localize our supply base where possible.**

Making Marelli fit for the future of mobility is my key priority.

We are building a corporate culture of resilience that has the agility to respond quickly to market changes. Growing the company will not take precedence over improving our environmental performance or the communities in which we operate. Improving our sustainability DNA is a must in order to serve our customers better and attract top talent.

Ultimately it is about the One Marelli culture we are building. This culture is based on recognizing our people for their unique perspectives and contributions. For example, in our search for lighter weight, animal-friendly, or more sustainable materials, I see how eager our people are to explore alternatives, using their full potential to deliver better solutions. The locally-driven initiatives implemented to support communities during the COVID-19 crisis are good examples of how we can enhance our performance-driven culture: no matter if it's a customer requirement, a sustainability quest, or a community demand—our teams are ready to find an agile and innovative solution.

"I am proud of the sustainability achievements the Marelli team made in 2021. Our commitment to carbon neutrality within operations by 2030 marked a significant milestone last year."

In the coming year, there is a lot to do to ensure Marelli is Fit for the Future. I look forward to updating you further on Marelli's plans to leverage sustainability in every sense: financially, environmentally, and structurally. Until then, we will keep working to grow our business with products and services that help realize a more sustainable form of mobility for the world.

David Slump, President and CEO

Company Overview



OUR FOOTPRINT

Financial

- JPY 495 billion direct procurement budget spent on suppliers

Manufacturing

- 131 manufacturing sites (2021)
- 103 years of experience in manufacturing (until 2021)
- The Company's success is built on manufacturing excellence (*Monozukuri*) and innovation

Intellectual

- R&D centers in Asia, North America, South America, and Europe

People and Culture

- 54,058 employees (2021)
- 444,199 hours of training provided to employees (2021)

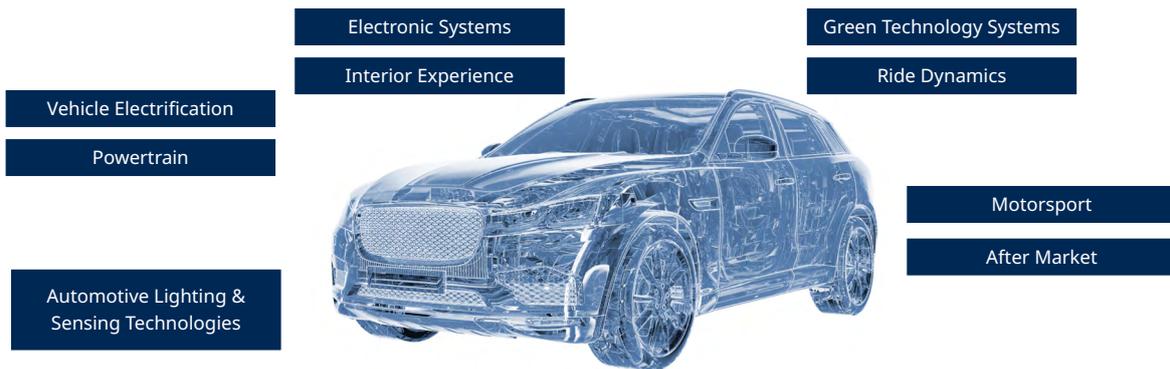
Natural

- 4,979,327 GJ total energy consumption (2021)
- 2,506,384 m³ water withdrawal (2021)

Social

- 20 social programs

OUR PRODUCTS & SERVICES



OUR PERFORMANCE

Financial

- Total revenue: JPY 1,380 billion

Manufacturing

- 100% of our plants are IATF 16949 certified (except for new plants)
- 41% of our plants achieved Zero Defects* (2021)
- 13 quality awards from 8 customers (2021)

*Less than 1 ppm (parts per million) defect ratio for delivered parts to customers' plants

Intellectual

- The first supplier to develop and commercialize a high pressure fuel injector (PACE Award)
- Indoor Air Quality (IAQ) Purification System (CES® 2022 Innovation Award Honoree)

People and Culture

- APAC 27%, EMEA 39%, North America 25%, LATAM 9%
- Women 29%, Men 71%
- 88% of Marelli employees** feel they are being treated fairly (2021)

**Respondents to the Great Place to Work 2021 survey

Natural

- 3.1% carbon reduction in our emissions from operations
- 7% decline in energy used per hour of production
- 33% increase in the usage of renewable energy in operations (2021 results compared to 2020)

Social

- 42,170 people benefited through our social programs
- 10,000 trees planted

About Marelli



Marelli (hereafter referred to as “Marelli”, “we”, or the “Company”) is one of the world’s leading global independent suppliers in the automotive sector. On May 10, 2019, two leading automotive suppliers Calsonic Kansei and Magneti Marelli joined under one global brand, Marelli, to compete more effectively on a global scale. 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. Marelli supplies all major automotive manufacturers in Asia, Europe, North

America, and South America. Our business fields are automotive lighting, vehicle electrification including e-powertrain and thermal solutions, electronics, green technology system, interior experience, powertrain, ride dynamics, motorsport, and aftermarket business.

With around 54,000 employees worldwide, the Marelli footprint includes 170 facilities and Research and Development (R&D) centers across Asia, the Americas, Europe, and Africa, generating revenues of JPY 1,380 billion (EUR 10.6 billion) in 2021.





Illustrated by Valentina from Brazil

Building One Marelli

As part of our ongoing integration and transformation journey, in 2021 we continued to focus on building a One Marelli culture through activities that increase awareness and understanding among our employees.

The activities were developed based on employee feedback from the previous year, some of which were organized with active involvement of Marelli Ambassadors from 15 countries, who played an integral role in expanding the reach of initiatives. Our shared values, defined as Innovation, Diversity, Collaboration, Sustainability, and Excellence (*Monozukuri*), are the foundation of Marelli's strong culture. They came to life in 2021 through the Marelli Values Weeks: a series of weekly events dedicated to Marelli Values where employees share thoughts, opinions, and ideas with executive sponsors. In addition, other initiatives were held in 2021 to strengthen One Marelli:

Innovation Week: Through a Q&A panel session with four Executive Vice Presidents, our employees were reminded of the importance of embracing a cross-functional approach, exploring new ideas, and working with customers to create new products. We also conducted a two-day interactive session to instill innovative thinking among our employees, with three teams selected as the top three innovators for their entrepreneurial spirit.

Sustainability Week: In five focus group events held globally, nearly 100 employees gathered to share and propose ideas on how Marelli can enhance employee engagement through local social contribution initiatives. Over 2,700 employees also shared ideas and thoughts on Marelli's social engagement via an online survey. The results are used to shape our social and community strategies.

Excellence (*Monozukuri*) Week: To encourage *Monozukuri* culture in our operations, the week held two contests called "Excellence in Zero Defects Contest" and "Excellence in Best Practice Contest", where employees at all plants present their ideas for improvement. Out of 48 best practice submissions, eight were awarded as an "Excellent Example".

Living the Values

- During the first half of 2021, 20 global engagement sessions and 119 local sessions were organized and attended by 17,000 employees. These sessions intended to provide employees with opportunities to understand our strategy, its rationale, and the plan's progress, through a direct dialogue with the leaders who hosted the sessions. The post-event surveys showed that more than 90% of respondents were interested in joining similar events in the future, highlighting the level of engagement created by the interactive sessions.
- **#MarelliPeople on social media:** Continuing the work started in 2020, when employees participated in the "What's your value" video competition, selected videos from 223 teams were shared via social media to promote our Values in 2021.
- To further nurture the One Marelli culture, our shared approach was integrated into several corporate employee materials, like an onboarding kit, recruiting kit, and training kit.

Sustainability Performance Overview



Planet

10.7%

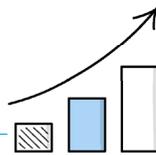
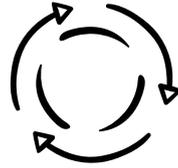
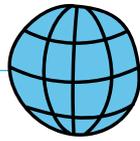
RATIO OF RENEWABLE ENERGY USAGE IN 2021 (AMONG THE TOTAL CONSUMPTION OF ENERGY)

3.1%

GHG EMISSION REDUCTION ACHIEVED IN 2021

92.3%

OF OUR WATER NEEDS WERE COVERED BY RECYCLING/ REUSING WATER



People

444,199

HOURS OF TRAINING PROVIDED TO 54,058 EMPLOYEES IN 2021, 10,382 HOURS OF WHICH INCLUDED HUMAN RIGHTS TRAINING

42,170

BENEFICIARIES IMPACTED THROUGH 20 SOCIAL PROGRAMS

Profit

JPY 1,380 billion

TOTAL REVENUE

Carbon Neutrality

In the wake of the 2021 United Nations Climate Change Conference (COP26), the global shift toward carbon neutrality continues to accelerate, as more countries announce pledges to go carbon neutral, and our main markets are embracing this direction. For example, the European Union published a regulation in 2021 that enshrines the objective to make Europe climate-neutral by 2050. Likewise, the Government of Japan declared its ambition to be carbon neutral by 2050 and reduce greenhouse gas (GHG) emissions by 46% in 2030 from its 2013 levels.

As Marelli, we acknowledge our role in supporting the global advancement toward cleaner mobility. In November 2021, we announced our commitment to become carbon neutral within our operations (Scope 1 and Scope 2) by 2030. This goal is the first step in our broader sustainability journey. We aim to achieve it by minimizing energy consumption, ensuring the use of renewable energy, and neutralizing any remaining unavoidable emissions.

Continuous Implementation of "Energy Efficiency *Monozukuri*"

"Energy Efficiency *Monozukuri*" is a series of strategies and activities directly aimed at reducing energy usage and consequently GHG emissions at plants. This includes introducing high-efficiency and energy-saving equipment, machinery, and improvement activities, such as streamlining operation lines at production sites.

Renewable Electricity Use in Operations

We are committed to ensuring that electricity used in operations will come from renewable sources. Renewable electricity will be either self-generated through the installation of on-site systems or purchased through specific certified contracts, such as power purchasing agreements and green supply contracts.

Certified Carbon Projects for Unavoidable Emissions

Where our primary efforts do not suffice, the emissions will be neutralized through acquiring certified carbon credits generated from projects worldwide. The Company will also continue to monitor new technologies and solutions for decarbonization that could support Marelli in achieving its goals.



Illustrated by Katarina from Slovakia

Innovation Awards

Marelli is the first supplier to develop and commercialize a fuel injector capable of reaching a 1,000-bar pressure level that won the **PACE* Award** in September 2021. Our very high-pressure gasoline direct injector can enable high efficiency and clean combustion by allowing precise and accurate metering of fuel into the cylinder over the full range of the engine's operation.

Marelli was a **CES® 2022 Innovation Award Honoree** in November 2021 for our Indoor Air Quality (IAQ) Purification System. The system kills bacteria and viruses in vehicles and indoor environments.

Sustainability Standards

In line with our commitment to embedding a sustainable and resilient business model, we engage in internationally recognized assessments and continue improving our ranking in different standards.



In 2021, we achieved a score of B for CDP Climate Change, which is higher than the Asian regional average of B-.

We also received A- for Water Security, an improvement from the previous year. This is higher than the Asian regional average of B.

We achieved a silver medal from EcoVadis in 2021, which positions us in the top 25th percentile.

Awards From Customers

In 2021, we received 13 quality awards from eight customers around the world.

CUSTOMER (Alphabetical order)	AWARD	REGION	PLANT
GAC Group	Excellent Cooperation Award	China	Guangzhou
General Motors	Supplier Quality Excellence Award	Brazil	Mauá
General Motors	Supplier Quality Excellence Award	Brazil	Amparo
General Motors	Supplier Quality Excellence Award	Malaysia	Penang
Honda	Supplier Award	Brazil	Amparo
Isuzu	Quality Achievement Award	Japan	-
Isuzu	Outstanding Quality and Delivery Score	Thailand	Bangplee
NIO	Quality Premium Partner	China	Wuhu
Nissan	Continuous Improvement Leader	Russia	St. Petersburg
Nissan	Regional Supplier Quality Award Finalist	Thailand	Amata
Nissan	Outstanding Quality Performance on Model Year 21 Nissan Rogue Launch	United States	-
Piaggio	Excellent Supplier	China	-
Stellantis	Torneio Kaizen Supplier Integration Management 2021	Brazil	Goiana

*PACE Awards: Automotive News and Automotive Parts Manufacturers' Association (APMA) awards for original equipment manufacturers (OEMs) that provide products, processes, materials, and services leading to outstanding innovation and technological advancements in the automotive industry. Fourteen companies, including Marelli, received the award in the 27th edition in 2021. We won the award two years in a row, having also received the award in 2020 for our ultra-high resolution lighting module.

Human Resources Awards and Recognitions

The awards and recognitions Marelli received testify to our commitment to being an employer of choice for our people.



Brazil

LinkedIn Top 25 Companies for Career Development in Brazil (2021)



India

Platinum Award for Grow Care India in the category Occupational Health & Safety (2021)



Japan

"Platinum Kurumin" certification (top 500 companies in childcare) from the Ministry of Health, Labour and Welfare (2021)

Recognized as a Health and Productivity Company by the Ministry of Economy, Trade and Industry (2019-2021)



Poland

Top Employers certification from the Top Employers Institute for three consecutive years (2019-2021)

One of the 300 companies listed in Forbes Best Employers (2021)



Thailand

Thailand Labour Management Excellence Award 2021 (company with an excellent labor management system) from the Department of Labor Protection and Welfare (2012-2021)



Turkey

Safety at Work Award from the Ministry of Labor and Social Security (2021)

Materiality Assessment



Through our materiality assessment conducted in 2019, we have identified 17 sustainability topics that are of significant concern for our Company. The assessment considered some of our stakeholders' various views, and our financial and non-financial priorities related to the current sustainability challenges.

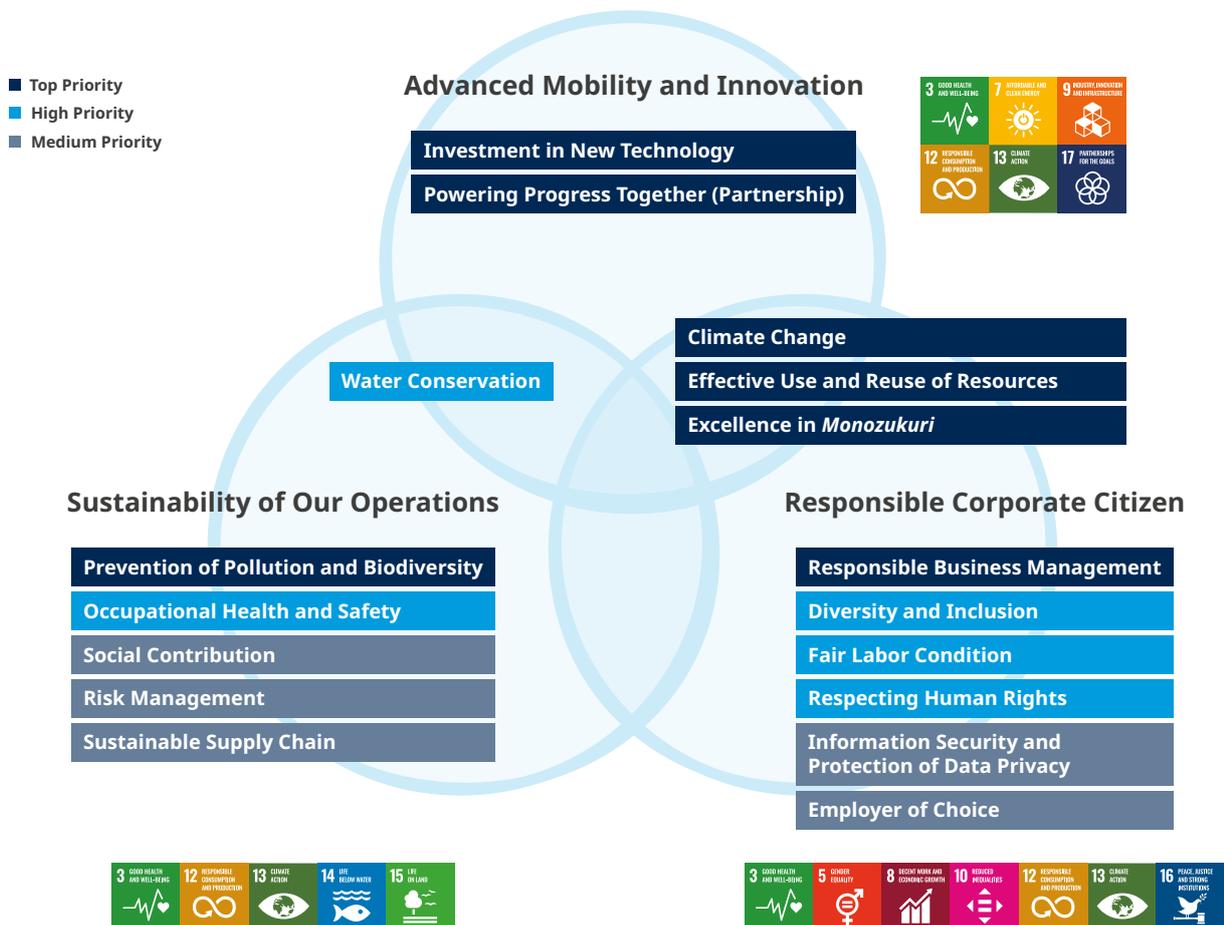
Materiality Assessment Process Conducted in 2019



Materiality Topics

Our 17 material topics are presented as an interrelated diagram that shows their priority level, our three strategic sustainability areas, and their relations to the Sustainable Development Goals (SDGs).

We plan to review the material topics in the second half of 2022 to reflect both the changes posed by the COVID-19 crisis in our industry and the increased participation of other relevant stakeholders. The assessment will allow the prioritization of topics to sharpen our actions, flesh out our short-term goals, and establish more robust long-term goals and action plans.





Stakeholder Engagement



We are engaging with our stakeholders to clarify the key priorities and issues in our operations. We aim to further strengthen our dialogues with stakeholders, to ensure we are actively responding to society's changing challenges and expectations. Moving forward, we will engage our leaders from top and middle management.

Stakeholders Engaged During the Materiality Assessment

- **Functions heads:** All the functions related to materiality topics via consultation
- **Employees:** 6,500 employees via an online survey in 7 languages
- **Customers:** 19 customers via a survey sent by e-mail

Key Membership Associations

Japan

- Japan Auto Parts Industries Association (JAPIA)

- Society of Automotive Engineers of Japan (JSAE)
- Automobile Business Association of Japan
- Keidanren (Japan Business Federation)
- Saitama Association of Corporate Executives
- Japan Institute of Industrial Engineering (JIIE)

Europe

- European Association of Automotive Suppliers (CLEPA)
- Italian Association of the Automobile Industry (ANFIA)
- German Association of the Automotive Industry (VDA)

North America

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

Brazil

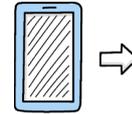
- Manufacture Auto Parts Association (Sindipeças)
- Automotive Engineering Association (AEA)
- National Association of Auto Parts Distributors (Andap)



Advanced Mobility and Our Innovation

As the automotive sector adds the sustainability paradigm to the traditional mantra of “cost, quality, and delivery”, the need for innovation has become essential. As a result, we put innovation at the heart of our product strategies, and sustainability is a key factor monitored from the earliest stages of concept design.

Technology Vision of Mobility Megatrends



A New Framework for the Future of Mobility and Global Initiatives

The worldwide impact of climate change on weather conditions is becoming increasingly apparent. In the automotive sector, some countries and regions have already announced bans on selling new gasoline and diesel-powered vehicles. Given this trend, traditional automakers have begun the transition from developing cars with internal combustion engines (ICEs) to next-generation cars powered by electricity and hydrogen, while building alliances with new entrants, such as electronics manufacturers and start-ups.

In addition to the increasing number of electric vehicles, the automotive sector is undergoing a profound digital transformation of in-car systems to deliver vehicle automation, connectivity, and shared mobility. With support from improving electronic technologies, automotive control units benefit from multifunctional abilities and the ability to handle complex processes within a short time. Since the automotive control units are responsible for many critical safety functions, their safety and reliability are the highest priority during product development.

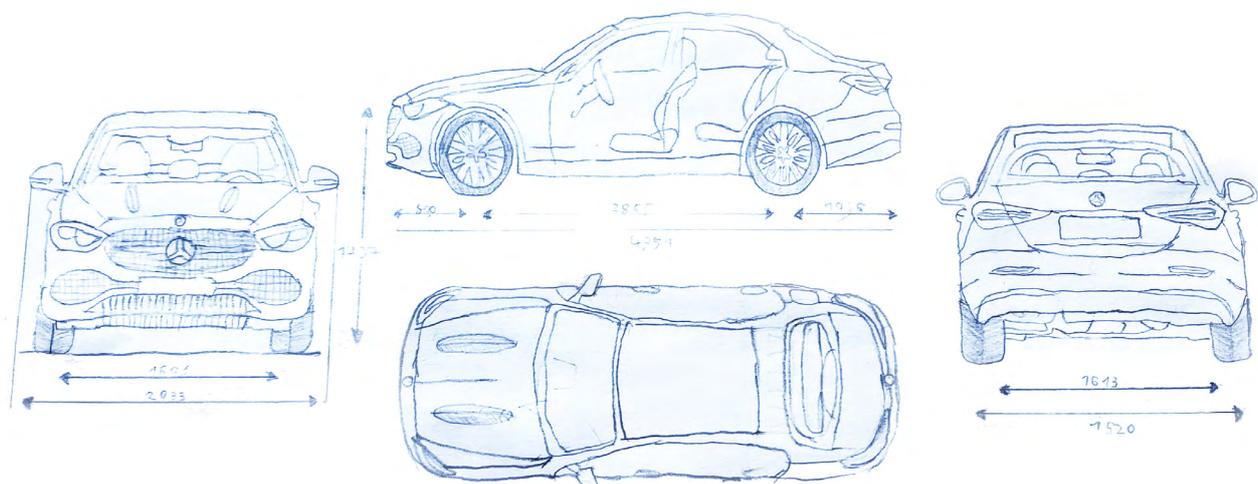
Today, cars contain up to 150 electronic control units and about 100 million lines of software code, which is estimated to increase to 300 million lines of code by 2030.* Furthermore, with increased connectivity, the automotive sector will need a robust cybersecurity risk management system to ensure vehicle safety and consumer privacy.

In response to these drastic changes, new UN Regulations on Cybersecurity and Software Updates—the first-ever internationally harmonized and binding norms in this area—were adopted in June 2020 by UNECE's (United Nations Economic Commission for Europe) World Forum for Harmonization of Vehicle Regulations (WP.29), which entered into force in January 2021. The norms require car manufacturers to manage and assess cyber risks, design vehicles that are secure against cyberattacks, mitigate risks along the value chain, detect security incidents, and provide software updates on a legal basis using Over-the-Air (OTA) updates for passenger cars, vans, trucks, and buses.

Marelli's products and technologies continue to evolve and address the combined pressures to:

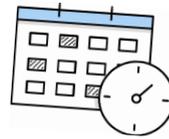
- **Decarbonize:** via fuel efficiency, weight reduction, and emissions limitations.
- **Digitalize:** with high computational power control units and flexible yet robust software architectures.
- **Automate:** with sensors and software for remote object detection.
- **Enhance vehicle personality:** developing the on- and off-board experience (lighting and interiors, new materials, new technology with less energy, and better performance).

* Source: Deichmann, J. et al. (2019), *The Race for Cybersecurity: Protecting the connected car in the era of new regulation*, McKinsey & Company.



Illustrated by Andrei from Romania

Innovation Strategy



Shift to Electrification

Electrification is the cornerstone of the global effort to achieve a zero-carbon economy, and efficiency is the factor that drives progress in this area. Marelli offers a wide range of electric powertrain components and systems suitable for passenger vehicles, thanks to our expertise in electric machines and power electronics. Combining our expertise with our capabilities in thermal management allows us to provide efficient solutions.

Thermal management plays an essential role in maximizing the efficiency of electric vehicles (EVs). Most of the losses in an EV powertrain are in the form of heat. This heat becomes a limiting factor on the powertrain's ability to perform at maximum efficiency. The combination of our expertise in electric powertrains and thermal systems offers a unique integrated system for EVs that will meet the demands of the industry.



Marelli's lightweight materials and capability can make a difference in various car segments for weight reduction and fuel consumption, which are essential for EVs.

Partnering to Strengthen Product Development

We continue to collaborate with Transphorm on industry-leading gallium nitride (GaN) devices and will work together to support a multi-year EV system product roadmap. Together we continue to innovate Transphorm's SuperGaN® FET (field effect transistor) technology, which offers the world's lowest on-resistance in a standard TO-247-3 package in the current market. This technology will target EVs and other higher-power conversion vehicles, as higher-power density translates into lower energy consumption and weight saving.

Joining Forces for Vehicle Electrification

Marelli and RWTH Aachen University, one of the leading German technical universities, have signed a framework agreement for collaboration in e-mobility. The partnership between Marelli and the university's chair on "Production Engineering of E-Mobility Components" (PEM) collaborates on specific research projects, like increasing the permanent performance of electric motors and developing a new electric motor along with its production in a scaled-up factory.

"We are continuously listening to the voice of our customers to make parts that are more aligned with the principles of the circular economy. In 2021, our teams made good progress in addressing expectations around recycled content and reducing pressure on raw materials. From 2022, we will focus on designs that consider the whole product life cycle and will intensify our search for even more eco-friendly materials with superior performance. In parallel, we continue to develop best-in-class solutions to aid the transition to zero-emission vehicles that preserve both the driver experience and the planet."



Joachim Fetzer, Executive Vice President, Chief Technology and Innovation Officer

Safety and Security

The architecture of automobiles is expected to change toward higher-performance control units with high computing power. In future vehicle platforms, these devices will also be responsible for safety and cybersecurity, as they will be able to process various functions in a centralized manner, update software, and add apps. The security of wireless communication with the vehicle must be maintained.

With the commitment to providing the highest quality product to our clients, Marelli also focuses on compliance with the cybersecurity standards for applicable products. The cybersecurity standard compliance covered by Marelli development includes ISO 21434, UNECE WP.29 R155, and others such as Trusted Information Security Assessment Exchange (TISAX). With this wide coverage of international standards, the products from Marelli satisfy the stringent requirements for the safety of future generation vehicles and also apply to the many variations of vehicles from different original equipment manufacturers (OEMs) in the world.

Additionally, computer vision devices are required to improve their function while enhancing reliability, as the level of driving automation continues to increase in next-generation vehicles. Marelli provides a developed Light Detection and Ranging (LiDAR) sensor to meet the needs of highly autonomous vehicles. Following international standards, including ISO 26262, ISO/PAS 21448 Safety of the Intended Function (SOTIF), and IEC 60825, the LiDAR sensor is a reliable part of the autonomous driving system that guarantees the customers' safety.

Internal Combustion Engines (ICEs) Efficiency in the Transition to Greener Mobility

During COP26, held in November 2021, over 100 national governments, cities, states, and major businesses signed the Glasgow Declaration on Zero-Emission Cars to end the sale of ICEs in leading markets by 2035 and worldwide by 2040. The process of vehicle electrification must run parallel to the application of available technology for ICE powertrains to effectively reduce emissions with technology that is either already available or at an advanced stage of development. Marelli is actively developing innovative technology and components that support low-emission mobility, which may support a variety of solutions, such as battery EV (BEV), fuel cell vehicle (FCV), e-fuels, and hydrogen-ICE. Our innovations highlight opportunities with control unit hardware and software design applied to new biofuels and new devices, such as solutions for faster catalyst activation, heat recovery systems that harvest energy, and strategies and solutions for end-of-life treatment for hydrogen-fueled engines, starting with commercial vehicles.

With a focus on technological areas, such as high compression ratio and unconventional combustion systems, automotive manufacturers seek new solutions to achieve higher efficiencies and lower emissions from ICEs. Marelli is working to develop technology for products that reduce emissions.

Other Examples of Our Technology



Digital Lighting Systems

Marelli Automotive Lighting equips the new Mercedes-Benz EQS with digital LED headlights bringing the high-definition light once again into series. Digital light opens fully new possibilities of optimizing road illumination by shaping the light and extending assisting functions. The special design of the luxury electric vehicle is additionally highlighted by the long, but very narrow light strip that is located between the headlights as an additional eye-catcher.



Road to Euro 7 - Catalyst Light-Off

For the expected future emission regulations and Euro 7 requirements, a device that enables a faster warm-up of the catalyst will be crucial, especially for high power engines, hybrid vehicles, architectures with cylinder deactivation, and plug-in hybrids, to achieve catalyst efficiency in all operating conditions. Our system can assure a faster warm-up of the catalyst converter, guaranteeing reduced emissions through low fuel consumption while ensuring a fast response and the same engine power output.

Read more about our recognitions on the Achievement Highlights page (p.9).

Open Innovation



Marelli has adopted an agile development approach, reformulating its traditional product development process to incorporate fast-evolving technologies. In 2020, we relocated the Advanced Innovation Team within the new central Engineering R&D function, to promote product development through open innovation with partner companies. In addition to strengthening our existing core technologies, we aim to explore and create markets for new value-added technologies.

We appointed an innovation promoter in each division and organized a Marelli Innovation Network Delegates Team (MIND Team) that holds regular meetings to share information, changing trends, and technological needs among the divisions. In addition, we established the Research and Technology Scouting Team to strengthen our competitiveness, develop technological strategies, and promote partnerships between divisions and numerous research institutions, including national and international universities. We evaluate our global research channels to systematically integrate strong business networks that we have built, both internally and externally, into our R&D process and to provide ongoing support for each division's projects.

Fewer Environmental Impacts From Our Products

Marelli focuses on the 3R (Reduce, Reuse, Recycle) approach to minimize our environmental impact. Our efforts include implementing sustainable processes that use fewer resources, for example:

1. Sustainable processes such as injection skin and painting fewer products. By adopting the injection skin process from the powder slash process and eliminating painting, we reduce CO₂ emissions by 56%.
2. Sustainable materials and systems such as recycling plastic and low volatile organic compounds (VOC) and light weight solutions. The adoption of low VOC and light weight urethane has resulted in a weight reduction of 35%. Using a cross car beam made from aluminum instead of a steel for a 30% weight reduction.
3. Vegan interior using bioplastic or organic based materials. Fabric wrapping, thermoplastic elastomer (TPE) and polyvinyl chloride (PVC) skin has been adopted.

Furthermore, our product development teams are working to make our products lighter by reducing the amount of raw materials used.

Case Study



CHINA

Marelli Automotive Lighting Xiaogan Established Joint Innovation Center With Chang'an

In December 2021, Marelli AL Xiaogan signed an agreement with Chang'an to set up a joint innovation center that develops advanced technologies for new automotive lighting and sensing, targeting customers in Middle and Southwest China including Chang'an, such as headlamps, rear lamps, and fog lamps.

"The establishment of the joint innovation center not only implements the spirit of deepening collaborative innovation of the group, but also introduces advanced joint ventures into transformation by responding to the current changes in the automotive industry."

Mr. Wei Li, Vice President of Chang'an Auto



Case Study

SOUTH AMERICA

INVENTOR – Ideas and Innovation Program

The main goal of this program is to create an open channel between operators, employees, and company leaders.

Through INVENTOR, the Company can promote:

- Engagement of their people
- Continuous improvement culture
- Sustainability of manufacturing standards (improvement starts with a standard)
- Meeting customer requirements and other certifications

Everyone can access this program's online platform from a mobile or PC and share ideas.



1,450
PEOPLE INVOLVED IN IDEAS

9,000
IDEAS WITH
3,300
IMPLEMENTED

714
PEOPLE INVOLVED
IN IMPLEMENTATION



Sustainability of Our Operations

In 2021, we worked to enhance the sustainability of our operations in line with our customers' and stakeholders' expectations. Marelli is firmly committed to reducing its carbon emissions and have set the ambitious target to achieve carbon neutrality within operations by 2030, while playing an active role in the transition to zero-emission vehicles. At the same time, we will continue pursuing efficiency in the use of resources and reducing our environmental footprint, while ensuring the health and safety of our employees and contractors by complying with the applicable regulatory requirements and Environment, Health, and Safety (EHS) international standards, in line with our policy.

“Monozukuri (Excellence), meaning the constant pursuit of perfection, is a value for everyone within the company. We also have an important role to play in contributing toward a greener future. We are on the right track to pursue our excellence and be responsible for achieving our sustainability and efficiency goals. In 2021, Marelli took a significant step to commit to carbon neutrality within our operations by 2030. We all, as Marelli people, can make a difference by continuously striving to create environmentally-friendly technologies and to run our business in a more effective and greener way.”



Hiroyuki Ishikawa, Executive Vice President, Head of Manufacturing and Quality

Climate Action

Emission Reduction Initiatives

In 2021, despite the overall increase in energy consumption compared to 2020, the amount of greenhouse gas (GHG) emissions decreased. In line with our recent efforts, in 2021 we implemented further energy and GHG emission reduction strategies with short- and medium-term initiatives. The main ones were focused on energy efficiency, transitioning to renewable energy, process optimization, renovation and upgrading of facilities, and water and energy consumption reduction. For example, in 2021, 10.7% of total energy consumption was sourced from renewable energy and Marelli’s plants in Spain were powered by 100% green electricity.

In 2021, our GHG emissions were 464,650 tCO₂e, 13% from Scope 1 and 87% from Scope 2 (market-based).^{*} Scope 1 emissions in 2021 were 8.7% higher than 2020, as 2020 data was affected by a production stop due to the COVID-19 pandemic.

By 2021, we increased the consumption of renewable energy by 33%, which mainly contributed to achieving the 3.1% reduction in CO₂ emissions.

3.1% GHG EMISSIONS REDUCTION ACHIEVED IN 2021

51% OF OUR ENERGY CONSUMPTION OCCURS AT SITES COMPLIANT WITH ISO 50001

GHG Emissions

KPI	2019	2020	2021
Total GHG emissions (market-based) (tCO ₂ e)	563,058	479,568	464,650
GHG Scope 1 emissions (tCO ₂ e)	63,928	57,231	62,195
GHG Scope 2 emissions (market-based) (tCO ₂ e)	499,130	422,337	402,455

^{*} A location-based method reflects the average emission intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies bought.



Illustrated by Christian from Italy

Energy Efficiency Initiatives

We are continuously improving the performance of our operations by identifying areas for further reducing energy consumption and adopting the best energy-saving practices. Examples of projects implemented in 2021 in our production processes are:



At the Yoshimi plant, Japan (Interior Experience Division), we installed an ultrasonography camera to identify air leaks in the compressed air system. This allowed us to detect, locate, and estimate air leakages to develop a maintenance action plan and ultimately save energy associated with compressed air production.



In 2021, **Chatellerault (France)** implemented an energy efficiency project that replaced old boilers and chillers with new high-efficient equipment, along with modifying and upgrading the control system to monitor the humidity and temperature conditions that are key for electronic production. Thanks to this project it has been possible to reduce energy consumption with a CO₂ equivalent reduction of about 88 metric tons (equivalent to 351,535 kilometers driven by an average gasoline-powered passenger vehicle*). This project has also obtained local incentives for its implementation, confirming it was a good proposal identified by the plant.



In Amparo, Brazil (Green Technologies Division), we installed an automatic shutdown of metallic smoke exhausts to stop unnecessary consumption during shift exchanges. The plant also implemented a technology update that replaced engines with more efficient ones. As a result, the plant saved 158,528 kilowatt-hours (kWh) per year, which is enough to power the whole plant for 15 days.

In 2021, our total energy consumption was 4,979,327 gigajoules (GJ), of which 78% resulted from indirect energy consumption, mainly electricity and district heating, and 22% from direct energy consumption (mainly natural gas and liquefied petroleum gas [LPG] consumption). During the reporting year, 10.7% of the overall energy consumed, i.e., 534,095 GJ, was derived from renewable sources. The energy intensity was about 0.14 GJ per hour of production.

To engage employees in our efforts, Marelli ran a one-month Energy Challenge campaign to coincide with World Environment Day 2021 on June 5. Production sites located in 21 countries joined the challenge. By adhering to the challenge, plants around the world consolidated their ongoing energy efficiency activities, which included:

- Provide training and awareness sessions with team leaders and workers related to energy consumption of the plant and efficiency of machines.
- Improve communication related to energy efficiency within the plant through boards, screens, and email communications.
- Focus on meticulous control of facilities and utilities at the plants, such as calibration of heating and cooling systems according to weather conditions and deactivation of machines and equipment during break-time.
- Focus on the controlled use of lighting, air conditioning, and heating during non-production and break-time periods.

* This estimation is based on the United States Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator.

Renewable Energy Consumption

KPI	2019	2020	2021
Overall total electricity consumption from renewable sources (GJ)	434,565	402,179	534,095
Total self-generated electricity (GJ)	3,527	4,447	4,773
Total certified purchased electricity (GJ)	431,038	397,732	529,322

Effective Use and Reuse of Materials



By 2021, we maintained our commitment to safeguarding natural resources by implementing eco-friendly and innovative initiatives. We engaged the entire Company, from plants and corporate offices to individual employees, in the reduction of environmental impacts from the use of resources.

Marelli's strategy for this mainly encompasses the:

- Eco-design of products; and
- Design of products and packaging for easy disassembly and recycling.

Innovation Compatible With the Limits of Our Planet

We are eager to make parts for our automotive industry while minimizing their environmental impact throughout their life cycle. One of the top requests we receive from many original equipment manufacturers (OEMs) is to understand the full scope of our emissions, as well as the emissions related to the parts we produce for each carmaker. In 2021, we started our journey assessing our supply chain to build our Scope 3 GHG inventory and establish our future goals.

As we carry out this exercise, we are learning about opportunities to be more efficient in our energy consumption and manufacturing processes that would benefit all our customers. Moreover, the effort is being carried out with our innovation process—where all functions are involved—to allow for long-term impact consideration when a new product is developed.

Life Cycle Assessment (LCA)

In 2021, Marelli conducted a pilot LCA for one of our best-selling products, intending to develop solutions to decrease the impact from raw materials and parts. Given the nature of our business, the products are tailored for each OEM. As a result, we now have clear guidelines for all businesses that need to perform an LCA, either for a customer's request or to steer innovation. In addition, we started engaging with the R&D Engineering and Purchasing teams to adapt our processes and procedures into a long-term approach called Life-Cycle-Thinking (LCT), which goes beyond the traditional focus of a production site and manufacturing processes to include environmental, social, and economic impacts of a product over its entire life cycle. **In 2022, other tools and instruments will be created to ensure environmental, social, and governmental (ESG) criteria will be fully embedded in our innovation process.**

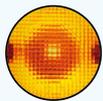
In line with a circular economy approach, during 2021 we increased the reuse of materials (both internally and externally) to avoid waste generation. In particular:



Metal: more than **7,400 metric tons** reused (in particular from the Ryde Dynamics Division and Green Technology Systems Division)



Wood: more than **1,700 metric tons** reused (in particular from Ryde Dynamics Division)



Plastic: more than **2,200 metric tons** reused (in particular from the Automotive Lighting Division and Electronics Systems Division)



Paper and Cardboard: **800 metric tons** reused (in particular from Electronics Systems Division and Green Technology Systems Division)

Preventing Pollution



At Marelli, we want to minimize our environmental impacts. Each Marelli site, based on its specific context and environmental aspects, defines local procedures to manage each environmental aspect properly and prevent any accidental pollution. Each site reports environmental incidents within our corporate tool for EHS data collection.

In addition, each Marelli site (in line with the corporate procedure) defines a specific local emergency plan to protect the environment in case of any accidental releases.

Hazardous and Non-Hazardous Waste Management

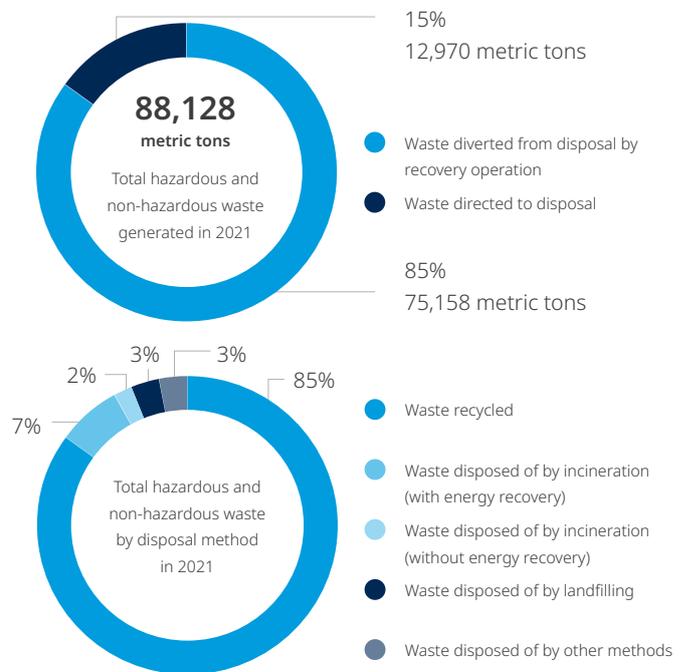
Marelli is committed to the reduction of waste production and increased recycling of materials (as indicated in the Marelli EHS Corporate Policy available on Marelli's website www.marelli.com/responsible-business).

Our strategy includes a target of a 7% decrease in waste generated per hour of production by 2024, compared to the 2020 baseline. We are also committed to reducing our waste footprint toward zero waste sent to landfill. In 2021, 85% of our waste was recovered. Only 3% of our waste was sent to landfills in 2021, 18% less than the previous year. The remaining waste was disposed of by other methods, such as treatment, incineration, and energy recovery.

A specific example of achieving objectives is at the Automotive Lighting Bursa (Turkey) site, which reduced the amount of waste sent to landfills from 11% in 2020 to 2% in 2021. This was achieved through a partnership with a supplier that uses domestic waste to produce bio-methane. Almost 400 metric tons of waste were diverted from landfills through this partnership.

In 2021, we produced a total of 88,128 metric tons of non-hazardous and hazardous waste. In absolute terms, the amount of waste generated in 2021 is higher than the previous year, since production activity in 2020 decreased due to the COVID-19 pandemic. However, the quantity of waste in weight generated per hour of production decreased by 1.6% in 2021, as compared to 2020.

As a Company, we also encourage our suppliers to align with our highest quality standards. In this sense, our waste management suppliers are carefully selected and shall comply with all applicable laws in the countries and regions in which they operate. In addition, Marelli requires all suppliers to accept our Code of Conduct. Moreover, we carry out several audits as part of our ISO 14001 certification to ensure compliance of the waste management treatments.



Case Study

Waste Reduction

Many waste reduction projects have been introduced since 2020. Some relevant examples are:

1. In 2021, the Italian site at Crevalcore (Powertrain) developed a project to avoid the generation of aluminum waste. After obtaining all necessary permits (according to local laws and national technical standards), aluminum scraps from the melting furnace were classified as a by-product and were sent to a foundry. This project reduced waste generated by about 100 metric tons per year.
2. At the Brazilian site of Contagem (Automotive Lighting), plastic scraps are ground and sent to a company for extrusion, after mixing with a specific additive. The product can then be returned to the production process. This project, started in December 2021, is expected to reduce plastic waste by about 13 metric tons per year.
3. The Brazilian site at Amparo (Green Technology Systems) worked to optimize the size of metal bars/pipes to reduce the metal chips generated during the cutting process; with about 60 metric tons of waste avoided per year.

Water Conservation



We aim to preserve water resources and reduce the overall water consumption of our operations. We set specific targets for a water withdrawal reduction during the reporting period, aiming to reduce it by 3.5% by 2024, compared to the 2020 baseline. We constantly seek new solutions to reduce our water consumption and we actively monitor the quantity of water withdrawn and recycled/reused.

In 2021, about 92.3% of our water needs were covered by recycling/reusing water.

In 2021, we implemented several actions at the Company level to improve water efficiency by reducing the use of water, such as:

- Implementing technology and new practices to recycle and reduce water consumption, including adopting more efficient cooling systems.
- Developing a rainwater harvesting system.

The total amount of water withdrawn in 2021 was 2,506,384 m³, mainly provided by third-party water utilities (about 76%). While the total amount of water recycled and reused was 30,067,723 m³. Nevertheless, in 2021, we have experienced an increase in the total amount of water withdrawal from the previous year, which is mainly due to increased production after the pandemic period.

Risks and Opportunities Related to Water Consumption

As water is key for the Company's operations, it is fundamental to ensure a sufficient quantity and quality of water. In the next 10 years, regulations and physical risks for the use of water are likely to increase and we intend to be prepared and anticipate those risks by taking action.

A water-related risk assessment is performed annually, for all manufacturing sites included in the environmental sustainability perimeter and under Marelli's operational control. Our risk assessment considers the availability of water. Among different physical risks to water availability, the increase in water stress has been considered the most relevant. Therefore, our main mitigation action is focused on reducing water withdrawal.

Case Study

Water Withdrawal Reduction

In 2021, different projects were implemented to reduce water withdrawal. Project results are continuously monitored, and best practices are shared among Marelli sites.

A relevant project example in 2021 is the "Water Loop" project deployed at the Corbetta Electronics' site in Italy, which transformed the water circuit from a previously open circuit to a closed one. This change reduced water withdrawal by 20,000 m³ in 2021. Thanks to this project, we expect to save more than 40,000 m³ of water in a full year.

ESG Risk Management and Opportunities



At Marelli, we integrate risk management processes and methodologies across the organization to thoroughly assess and identify ESG risks and opportunities. We implemented an Enterprise Risk Management (ERM) methodology that considers ESG and climate change-related risks, based on the ISO 31000 standard, setting up a common approach for risk assessment and mitigation throughout the organization. Marelli also engaged with interested internal and external stakeholders to collect their views on sustainability challenges that society faces today and identify the priorities that Marelli should focus on.

We reviewed our risk management plan, considering the potential financial impacts of climate change on procurement, manufacturing, and the supply chain.

The main climate change-related risks that were identified are both physical and transitional. Physical threats are mainly linked to potential changes in rainfall patterns and water shortages that can affect our plant operations. Transitional risks refer to possible upcoming regulatory restrictions on the sale of internal combustion engine (ICE) vehicles.

Intending to improve our Business Continuity resiliency, Marelli has ongoing assessments in preventing and responding to potentially disruptive events. In line with the transition from ICE vehicles to more climate-friendly solutions, we are developing products dedicated to the e-mobility market. In addition, we work on integrated mobility systems within the electric powertrain technology market segment.

COVID-19 Responses



Marelli operations continued to be affected by the COVID-19 crisis during 2021, similar to the rest of the automotive industry sector. Our primary concern was to protect and support our employees and the communities in which we operate.

Weekly reports to Top Management were used to highlight critical situations in different geographies. Our smart working system continued to be applied whenever possible, to avoid spreading the virus in workplaces.

Since 2020, Marelli established COVID-19 Committees at corporate and regional/country levels to monitor and report on the situation, as well as act fast when implementing guidelines according to fast-changing local regulations. Furthermore, vaccinations were widely promoted.

Highlights



JAPAN

In Japan, all employees were allowed to take leave to get a vaccination and to support a family member's vaccination. In addition, a monetary support of JPY 3,000 was offered to cover the transportation expenses for employee's vaccination.

Marelli partnered with the Saitama Association of Corporate Executives (SACE) to use the headquarters in Saitama City as a COVID-19 vaccination venue. As a result, approximately 6,000 people from SACE member companies were vaccinated, including around 800 employees from Marelli.



POLAND

In Poland, Automotive Lighting Sosnowiec provided a local organization the use of a parking lot to set up a vaccination hub for Marelli employees and the local community.



INDIA

During the outbreak in India (March-April 2021), our global teams worked to provide in-kind support, such as equipment donations and on-field long-term equipment installation. As a result, 21 oxygen concentrators were provided to treat COVID-19 infected colleagues at home. In addition, working with our partner in Japan, Marelli shipped 24 ventilators and some breathing circuits to hospitals located near our employees and operations. Some oxygen concentrators and ventilators were distributed through our partner non-governmental organizations (NGOs), the Society for All Round Development (SARD) and the Basic Research Education And Development (BREAD) Society. In April, in collaboration with SARD and the Ernst & Young Foundation, Marelli donated a mild COVID care center to the Mount Caramel School in New Delhi. The donation comprised medical equipment, such as oxygen concentrators and oximeters, and fees for nurses, volunteers, and meals for patients.



In July 2021, a month-long global fundraising campaign supported the International Committee of the Red Cross (ICRC) COVID-19 recovery fund. This was the first charity initiative promoted under "One Marelli" as an opportunity for all employees to support the COVID-19 global response. A total of EUR 75,000 was collected, EUR 50,000 as a direct donation by Marelli and EUR 25,000 from more than 1,100 donations by our colleagues worldwide. The donation contributed to the global pandemic response and virus spread prevention actions.

Occupational Health and Safety



Marelli pursues “Zero Injuries” as the top priority in our Occupational Health and Safety (OH&S) management. Therefore, it is of utmost importance for us to provide and ensure a healthy and safe working environment for all our employees and workers who are not employees (such as agency workers and external contractors) worldwide.

A corporate-level procedure for hazard identification and a health and safety risk assessment was established in 2021. It defines the methods to identify hazards and assess OH&S risks. The OH&S risk assessment is immediately updated if there are changes in the production process or work organization. This is significant for the health and safety of our workers, or in relation to the degree of technological evolution, prevention, or protection. This is also updated as a result of significant accidents, or when the needs of our health surveillance survey are identified. In addition, the Marelli Manufacturing System (MMS) Health & Safety Book for manufacturing sites was issued in 2020.

The commitment to consistent prevention by the Company resulted in a decreased Lost Time Injuries (LTI) and first aid injury rate by 17% for employees and by 50% for agency workers and external contractors, compared to 2020.

Marelli’s progress toward “Zero Injuries” is monitored by two main key performance indicators (KPIs): Lost Time Injuries (LTI) and Lost Time Injury Frequency Rate (LTIFR). The LTI is the number of injuries, which results in lost working time, and the LTIFR refers to the number of lost time injuries occurred relative to the total number of hours worked in the reporting year.

In 2021, 81 employee injuries were recorded, of which the majority (68%) were non-high-consequence LTI. The total number of injuries recorded for agency workers and external contractors was 14, of which 57% were high-consequence LTI. No fatal injuries were recorded in the reporting period.

To pursue the ambitious Zero Injuries vision, a corporate-level specific procedure for incident investigation was developed and adopted in 2021, which applies to all manufacturing and non-manufacturing sites.

To prevent injuries the following additional measures have been conducted:

- Local management of every site worldwide carried out an extraordinarily thorough check for unsafe conditions at their sites, which adds to the routine risk assessment and mitigation processes.
- Business Divisions have intensified the actions to ensure alignment with machinery safety best available techniques and the most stringent international standards at manufacturing sites. With the support of externally-approved consultant experts in machinery safety, all Business Divisions started multi-year plans that focus on upgrading safe conditions of the existing machinery portfolio, based on priorities defined by the risk assessment.

Furthermore, according to ISO 45001 requirements for the OH&S management system, standard corporate procedures have been introduced in 2021. All Marelli sites that were already ISO 45001-certified were required to align their local management systems with the corporate procedures by the second quarter of 2023. To accelerate the journey to ISO 45001 certification, Marelli launched the MMS Health & Safety Diagnosis during 2021, a self-diagnosis checklist that allows sites to monitor their alignment with key requirements. It also provides a benchmarking tool to compare health and safety performance with the other sites and identify the winner(s) for the internal MMS Award.

In 2020, the process for identification and reporting of serious LTI was not fully and effectively extended to all sites within the Marelli perimeter. A full extension took place in 2021, with help and support from both a procedure to communicate about serious LTIs and a dedicated Appian-based tool, used not only for sharing serious LTIs worldwide but also for collecting evidence of actions implemented at all other Marelli sites to avoid an accident’s recurrence. The consistency of corrective actions is monitored by the Corporate EHS Team through fortnightly meetings with the Division and Regional EHS Teams.



Monozukuri: A Heritage From Our Culture in Japan

The literal translation of *Monozukuri* is the “making of things”. A broader meaning encompasses the technological, know-how, and “spirit” of Japan’s manufacturing practices. The “spirit” includes pride, skill, dedication, and a sincere attitude toward improving production by pursuing innovation and perfection.

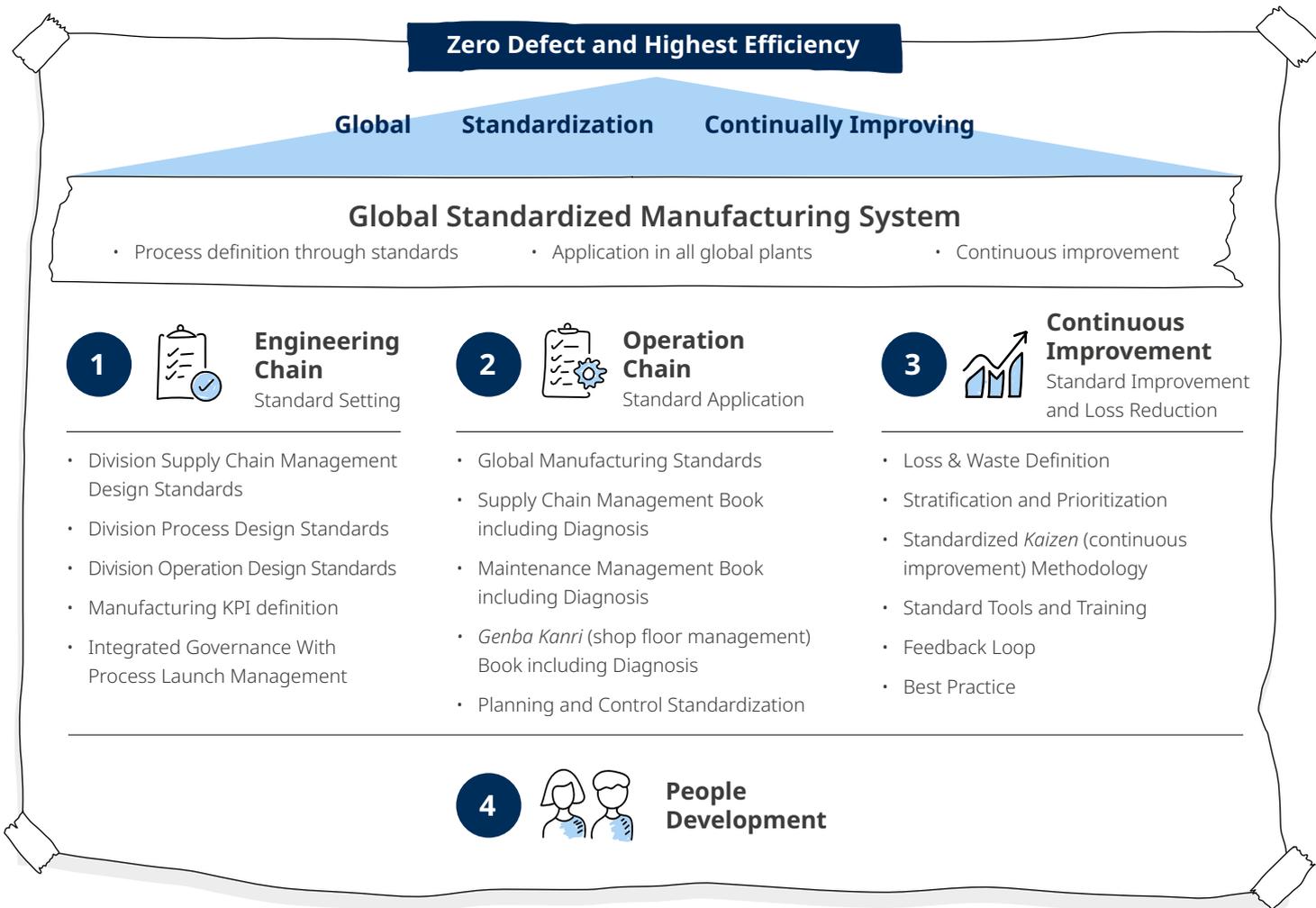
Marelli pursues excellence in *Monozukuri* through rigorous management of the quality of our products and manufacturing process.

Marelli Manufacturing System (MMS): The Integration of Our Operations All Over the World

MMS is an essential part of integrating the two companies as “One Marelli”. The system outlines a standard set of processes, practices, and approaches to foster exceptional performance. During 2021, we continued integrating our manufacturing systems, while developing internal quality standards and diagnosis systems, to achieve our goals of “Zero Defects” and the “Highest Efficiency”.

Improving Performance for Excellence in *Monozukuri*

As part of the MMS, we have clear criteria that are reported by all plants monthly to monitor the manufacturing productivity and ensure consistent product quality worldwide. Under the overarching corporate indicator of cost per hour, we monitor a total of 49 indicators at a global level. We select the most relevant indicators (12 processes and 8 indicators) to monitor each plant based on the characteristics and competitiveness of its product and process category. Scrap rate is one of the most important indicators to realize Zero Defects. For this indicator, we improved an average of 4.9% since 2020 and the most improved ratio recorded for one plant was 63% in 2021. This monthly monitoring also allows us to share best practices among plants and business divisions. To encourage continuous improvement, every year we present an award to the highest-ranking plant for each of the 49 indicators. In 2021, we created a new award for the most improved plant, as compared to the previous year, for each division as an incentive for all plants to improve.



Commitment to Quality



Marelli's Quality Policy: Integrating Our Goals as One Marelli

Marelli's Quality Policy was established in January 2020 to realize "Zero Defects" and provide the highest quality performance throughout our operations. The policy consists of three elements:

1. Quality Vision: "Realize Zero Defects to satisfy customers"
2. Quality Mission: Ensure a clear guideline for achieving our mission to "Provide the world top level quality performance through the most effective and efficient processes"
3. Quality Mindset: Principles of behavior to achieve Marelli quality, available in 24 languages and distributed to all employees

In 2021, to reinforce awareness of the Quality Policy, we launched a dedicated e-learning training in eight languages.

Fostering a Quality Mindset Among Employees

Delivering high-quality products and services to our customers cannot be achieved without our employees, who aspire to perfection and embrace the spirit of continuous improvement. Therefore, we actively raise awareness among employees about our quality excellence and provide various opportunities to recognize our employees' work.

Virtual Quality Forum Exhibition

In 2021, the annual "Q (Quality) Forum" was held for the first time as a fully virtual exhibition. All employees could participate, both at any time and from anywhere, while the event was broadcast live from Japan. The event was sponsored by Quality, Purchasing, and Business executives, and allowed each participant to gain insights from best practices for preventing quality defects.

Quality Contests

We maintain and improve employee quality mindset through quality contests. We held an "Excellence, Best Practice Contest" for employees in manufacturing, where 48 best practices were submitted from functions and divisions worldwide, of which eight received the "Excellent Example" award. One of the "Excellent Example" best practices was a cross-functional effort to identify potential warranty issues during a new model launch, in which the Corporate Quality Team works closely with plants and suppliers to share information, identify potential defects early, and take action. In 2021, Marelli expanded its quality contest efforts to include all office employees by organizing an "Excellence for Zero Defects Contest", where all office employees globally were encouraged to present their ideas for improvement. The best practices submitted to the contests are shared with all employees to provide opportunities to learn from each other and help get insights.

Each year we receive numerous quality awards from customers worldwide. In 2021, we received 13 quality awards from eight customers (See the Achievement Highlights page to learn more, p.9).



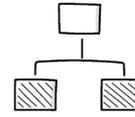


Responsible Corporate Citizen

We strive to ensure that all interactions with stakeholders and our relationships with customers, employees, and the communities we serve, occur in a just and positive way. Therefore, in 2021, we reinforced policies and processes to comply with and respect local laws in the countries where we operate, uphold human rights standards, ensure the environment's protection, and adhere to our Code of Conduct.

We established the Marelli Code of Conduct, Marelli Ethics and Compliance Program Charter, and other corporate policies and procedures to ensure our business operations are transparent and honest. Our Company's leaders are accountable for creating a culture of compliance. Regardless of position or level, the everyday actions of all employees contribute to the safe and ethical operations of our business.

Corporate Governance



The Board of Marelli Holdings Co., Ltd. is positioned as the Company's highest decision-making body. The Board delegates the day to day management to the Group Executive Committee (GEC), via Delegation of Authority (DOA), a document that outlines responsibilities for key organizational areas of work and provides clear authority for the CEO and the GEC to make decisions on behalf of the Board. The GEC, chaired by the CEO, acts to make top-level operational decisions.

In 2021, corporate auditors worked together to audit all business related to the Company's management. In addition, external auditors conducted accounting audits to verify the appropriateness and legal compliance of accounts and internal controls from an independent standpoint.

Sustainability Governance

In February 2021, we established the Sustainability Committee to accelerate the adoption of sustainability initiatives. This Committee is an interdisciplinary and multifunctional group composed of the functions that own our materiality topics. The Committee implements initiatives to tackle sustainability challenges, including those on carbon neutrality, life cycle assessments, diversity and inclusion, and corporate responsibility.

Sustainability Governance Structure



Additionally, a Sustainability Council was established in April 2021 to act as executive sponsor of the sustainability agenda, and to which the Sustainability Committee reports. The Board is responsible for decision-making related to the implementation of our sustainability strategy in the key areas of product, manufacturing, engineering, customer, people, and suppliers. The Council also provides guidance and support for integrating sustainability into our business and oversees the critical gaps in our sustainability planning. The Council reports on its progress and asks for a final management decision at the GEC, if higher-level operational decision-making is required.





Responsible Business Management

Marelli aims to conduct itself as an accountable and responsible business across our full value chain, as well as within our own operations. To create long-term value for our stakeholders, we demand that our partners and suppliers comply with a set of requirements for conducting business with our Company. We also make sure our entire workforce upholds the Code of Conduct that defines our global corporate values and culture.

Code of Conduct

The Marelli Code of Conduct specifies the Company's core values of Innovation, Diversity, Collaboration, Sustainability, and Excellence (*Monozukuri*), which should be incorporated into our day-to-day business. The Code, available to our employees in 19 languages, reflects who we are as a Company and ensures consistency with the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. In addition, the Code provides a clear framework for how we work with all our stakeholders, including customers, suppliers, communities, governments, and employees.

Supplementing the Code, Marelli also 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; and Anti-Bribery and Anti-Corruption Policy, among others.

As pledged in our Ethics and Compliance Charter, we train our workforce using accessible education programs so that our Code and policies are clearly understood and complied with by all. The programs are designed to prevent employees from being involved in child labor, slavery, human trafficking, corruption, bribery, and anti-competitive practices. To supplement the global training rolled out in 2020, we

launched the competition law training. By the end of 2021, 91% of our office-based employees have already completed the training. We also provide awareness training on our Anti-Corruption and Anti-Bribery Policy in both video and written formats, and on audits to control anti-competitive practices.

Meanwhile, our suppliers are also asked to follow the Marelli Purchase Agreement for all products and services sourced by Marelli. The purchase agreement mandates compliance with the United Nations principles for international human rights protection and environmental stewardship.

Whistleblowing Process

At Marelli, *how you feel* matters. As part of our Code of Conduct and other company policies and procedures, our Integrity Hotline is made available to employees and third parties 24/7 in 19 local languages (marelli.ethicspoint.com). This anonymous and confidential whistleblowing system empowers our people to report possible violations of the Code, company policies, and local laws and regulations. We also encourage our stakeholders to report suspected violations, such as discrimination, harassment, or child and forced labor, to ensure that Marelli continues to serve as a trusted supplier and member of our community. Any violation of the Code, policies, or procedures may be subject to disciplinary actions.

In 2021, all concerns raised were addressed. For the substantiated cases, disciplinary actions were taken (including termination). We also implemented remediation plans like feedback interviews, training, and guidance.

Risk Management

As part of Corporate Governance, Marelli revised its integrated Risk Management System, through an Enterprise Risk Management (ERM) process, including environmental, social and governance (ESG) risks, based on the ISO 31000 standard. The goal of this updated system is to create and improve performance, encourage innovation, and support the achievement of business and ESG objectives.

The assessment methodology relies upon improved assessment criteria consisting of a revised enterprise-wide Risk Model organized in two main areas: (i) strategy setting and execution risks, and (ii) operational risks. It also introduces enhanced metrics (earnings before interest and taxes [EBIT], free cash flow [FCF], reputational, operational, ESG) and likelihood, to support our business operations with a more effective methodology for risk assessment and opportunities to achieve our sustainable goals.

Climate change is among the ESG risks considered during Marelli's risk assessment. In addition to the above mentioned process, our risk management has a loss prevention assessment in place at the site level, which evaluates risks related to hazards, such as flood, wind, and tornados, using international maps provided by insurance markets (Swiss Re, Munich Re, FM Global). Each site is then assessed for hazard exposure risks and the current level of protection. Based on the level of risk, a combination of the hazard exposure and level of protection, we provide management with mitigating actions.

The primary ESG risk exposure for our business lies in our supply chain. In 2021, a new function focused on risk management was included in the Marelli supply chain structure, providing efficient monitoring and mitigation of risks through all company levels, and ensuring business continuity. To mitigate the risk in our supply chain, all global suppliers should follow the Marelli Purchase Agreement for all products issued by Marelli, unless otherwise stated in a written agreement signed by the Company.

The 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 and integration across the organization to achieve our organization's goals and objectives.

We are currently developing artificial intelligence (AI) software to perform risk assessments in line with the Anti-Competition Law, which can potentially identify contracts that could pose a risk to our business. The software also monitors corruption, bribery, and information security breaches.



Illustrated by Paulinka from Slovakia

Information Security and Data Privacy



According to the Global Risks Report 2022 compiled by the World Economic Forum (WEF), 95% of cybersecurity issues are caused by human error. Therefore, in April 2021, the new Marelli Information Security Policy was approved by the GEC and communicated to employees via our internal channels. This policy defines the integrated information security management system and security rules for the Company.

Marelli also conducted an extensive security awareness and training program in 2021 to help employees recognize phishing emails, to reduce the exposure to these attacks.

Although the COVID-19 pandemic prevented audit planning, Marelli accomplished 12 external audits on information security during 2021, some of which were conducted remotely. The audits included Trusted Information Security Assessment Exchange (TISAX*) certification and an ISO 27001 audit.

Cybersecurity of Products

Our goal is to make sure that our products secure our customers' data and do not expose vulnerabilities that can be exploited by a cyber-attack. We have developed a robust framework that ensures the product's cybersecurity throughout its entire life cycle. The framework includes clear processes for designing, developing, manufacturing, and maintaining our products, facilities, and control systems.

We ensure that our products are developed and manufactured in a secure information technology (IT) and operational technology (OT) environment, and are protected from cyber-attacks by our Cybersecurity Management System (CSMS) that aligns with ISO 21434 standards. Our CSMS includes threat analysis, vulnerability management, incident response, and penetration test activities. Marelli is working to comply with United Nations Economic Commission for Europe (UNECE) regulation R155, by developing a global policy covering the cybersecurity of products. **This policy will be released by June 2022 and will define the CSMS based on the automotive cybersecurity standards and regulations for vehicle homologation and cybersecurity requirements.** A significant achievement in 2021 was the positive customer audit of the CSMS at the Chonburi plant in Thailand, which is the first one to comply with the new UNECE cybersecurity regulation.

Protection of Data Privacy

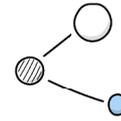
We established an Information Security Policy and are committed to managing personal information and ensuring privacy by following all relevant laws and regulations where we operate. During 2021, we received no complaints about breaches of customer privacy. **From 2022 onwards, we will operate an on-demand whistleblowing system to deal with network safety, and regulatory and cybersecurity issues.**

* TISAX is a requirement by automobile companies for their suppliers and service providers to ensure information security of their critical information assets, including necessary data.

Based on our security measures, in 2021, Marelli operations had 17 information security certifications globally.



Sustainable Supply Chain

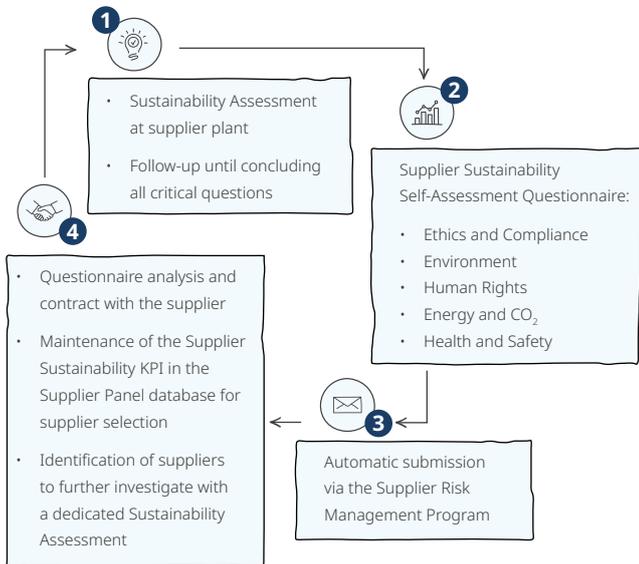


We build meaningful and strategic relationships with our suppliers—from local companies to large multinational enterprises—always considering our customers’ voices. We actively partner with environmentally and socially responsible suppliers who promote the efficient use of natural resources throughout the lifecycle of products and services, and respect their workforce and local communities.

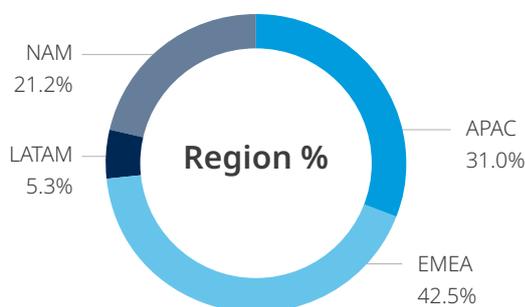
Managing Our Supply Chain

Our global suppliers are requested to sign the Marelli Purchase Agreement, which regulates the business relationship’s framework and contains environmental and social clauses that cover conflict minerals, ethics and compliance. We proactively engage our suppliers in sustainability initiatives through our Supplier Sustainability Program. On-site audits are conducted at selected suppliers to identify any non-conformance to the mandatory corporate social responsibility (CSR) requirements. **Based on the latest customer requests, we have been working to develop a new integrated suppliers’ questionnaire to assess ESG impacts, which is scheduled to be sent to suppliers in 2022. This will help us to develop a carbon-neutral roadmap including Scope 3 GHG emissions and evaluating our suppliers’ maturity on this topic.**

Supplier Sustainability Program



Procurement Budget Spent on Suppliers by Regions



Marelli Conflict Minerals Policy

Conflict minerals are natural resources of tin, tungsten, tantalum, and gold (3TG) extracted in conflict zones, which may be linked to human rights abuses and armed groups. Our suppliers are required to respect the Organisation for Economic Co-operation and Development (OECD)/Responsible Minerals Initiative (RMI) guidelines.

Our commitment is reflected in our Code of Conduct and in coherence with it, we implemented the following activities to identify, assess, and mitigate conflict mineral risks in our supply chain:

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

Annually, we require our suppliers to disclose the source(s) of any conflict minerals used in their products and comply with applicable laws and regulations including the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). Furthermore, we request the availability of related International Material Data System (IMDS) documentation for each component.

Dedicated email accounts have been created to track our communication with suppliers and customers.

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.

Case Study

Replacing Disposal Containers

Between Japan and Thailand, Marelli started replacing disposable wood-derived containers with returnable and durable containers that can be stacked higher than disposable ones to maximize the use of cargo container space. This enabled us to reduce the use of 20-foot sized containers by an average of one per month. By 2030, we aim to stop using disposable containers.



Marelli People

In 2021, the journey toward the consolidation and integration of two companies and cultures continued to be paramount for Marelli. Each employee is critical to the success of One Marelli and ensuring the right roles and structures at all levels is critical to building a sustainable Marelli. In every region and country, employee welfare initiatives are promoted and monitored by the Human Resources (HR) department, following the local legislation and the Company's vision.

Great Place to Work

“Our work to integrate and build One Marelli has been our priority in 2021. We have a unique opportunity to form a truly global company by combining the best of two different cultures, and we are making good progress. In 2021, we launched a reorganization of our company to become more agile and efficient.



We are empowering people to make decisions at all levels to be flexible for changing market conditions. We've also started to drive diversity and inclusion by mapping our population to define and implement positive actions in the near future. We recognize the value of diverse voices and see inclusivity and employee well-being as key facets of success. While addressing the challenges posed by integrating processes and systems, we have opened our channels to communicate with our employees widely and ensured the capacity of our teams to keep learning. We have significantly increased our hours of training compared to 2020.

I strongly believe that by fully embracing our values we will make Marelli fit for the future.”

Sherry Vasa, Executive Vice President, Chief Human Resources Officer

Awards and Recognitions

The awards and recognitions Marelli received testify to our commitment of being an employer of choice for our people (Please see list on the Achievement Highlights page, p.9).

Employee Survey

In 2021, we conducted the Great Place to Work global company-wide survey to gain feedback and measure employee engagement, satisfaction, and morale.

The survey received responses from 87% of Marelli's population, and the results suggest that:

- Marelli is a physically safe place to work, and when people join the organization, they feel welcomed.
- They all understand and embrace Marelli's Vision, Mission, Values, and Personality

- They feel like they are treated fairly, regardless of sexual orientation, gender, race, or ethnic background.
- Our management supports the goals and objectives of our Code of Conduct and people feel confident in reporting compliance concerns without fear of retaliation.
- They can take time off from work when they think it is necessary, and when they look at what they have accomplished, they can feel a sense of pride.

Marelli recognizes that people satisfaction and engagement surveys are useful for identifying improvement opportunities to meet the needs and expectations of the entire organization: this is why we launched the Great Place to Work survey in 2021 to drive our actions and future strategy. **In fact, following the survey launch in May, we leveraged the insights provided by the data to create working groups within each division and function to address the priorities raised by the employees in each area. Each working group then proposed an action plan to implement in 2022.**

Marelli strives to be an employer of choice as we continue the journey of consolidation and integration of the companies and cultures. An ongoing reorganization and rightsizing program has been underway to make the organization more fit for the future. Our aim has been to execute the program in the most socially responsible way possible, ensuring full support and engagement of our unions and employee representatives. Our goals for this reorganization are to:

- Create an agile environment that embraces change and fosters innovation.
- Ensure a high performing organization where team members with diverse backgrounds can turn their full potential into an outstanding performance.
- Cultivate an inclusive culture that values teamwork, collaboration, and transparency.
- Foster a world-class customer experience and a sense of social responsibility to build sustainable success within our teams and business.

Career Initiatives

Marelli has a transparent recruitment process and communicates its details to all candidates. We have implemented various initiatives, from the recruitment process to employee management, to attract global talents and inspire our employees to strive for more, such as:

- **Comprehensive recruiting kit:** the recruiting kit provides individual talents and universities with a clear understanding of Marelli's history, core values, mission, business activities, and sustainable approach to our stakeholders.
- **A global mentorship program in Automotive Lighting & Sensing Technologies Division:** through the Performance Evaluation Process (PEP), the program targets talents of all ages who plan to take important steps in their career.
- **Internal job posting program:** the program started in the Italian offices, allowing our employees to explore career opportunities within the Company.
- **Annual CEO Excellence Award:** an award targeting groups of employees involved in important projects or activities that made outstanding contributions to the Company. The award aims to cultivate Marelli Values and a performance-based culture throughout the Company.

Great Place to Work 2021 Survey Results

87%
RESPONSE RATE

84%
OF THE RESPONDENTS BELIEVE THEY ARE TREATED FAIRLY REGARDLESS OF THEIR SEXUAL ORIENTATION

77%
OF RESPONDENTS FEEL WELCOME WHEN THEY JOIN THE ORGANIZATION

Trust Index® the model and the 5 dimensions

Overall results

62%

"Taking everything into account. I would say this is a great place to work."

61%

Trust Index®

Results per dimension

60%
Credibility
Two-Way Communication
Managerial Competence
Integrity

62%
Fairness
Equity
Impartiality
Justice

60%
Camaraderie
Intimacy
Hospitality
Community

59%
Respect
Professional Support
Collaboration
Caring

63%
Pride
Personal Job
Team
Corporate Image

Employee Training and Development

Since June 2020, Marelli has been implementing a new common framework to further integrate capacity building activities. In 2021, we provided 444,199 hours of training to our employees based on the new framework, an increase of 11% compared to 2020.

Marelli started working on talent management and reviews to evaluate the potential of our employees. Individual development goals, along with qualitative and quantitative targets aligned with company objectives, are set each year, and employees are assessed upon their performance. We are reviewing our career and succession plans, and the onboarding program for new employees. In 2021, 100% of employees received feedback and concluded the performance evaluation on time.



Marelli's Training Pillars

Management Development

To support managers in gaining and training the right skills to improve performance and achieve excellence

Talent Development

To boost the growth of talented employees who are the most suitable to feed our succession pipeline

Behavioral and Soft Skills

To enhance our people's ability to align with our behaviors and to reach their goals, improving their overall performance

Functional and Technical Specialties

To develop a specific skill or knowledge related to a job family or function

Business Skills and Cross Cultural Training

To help our employees perform well in their role and communicate effectively with international audiences

Diversity and Inclusion

To create a working environment and culture where all our employees can thrive and perform at their best

Diversity and Inclusion



Embracing diversity is a cornerstone of any successful organization—especially for global companies like Marelli. That is why 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.

In June 2021, a group of colleagues passionate about diversity formed a Diversity and Inclusion (D&I) Team. Throughout 2021, this team focused on assessing our Company's data to understand how Marelli stands in terms of D&I, and to define the next steps and direction we should take in the coming years. The team also worked to define what D&I means to our Company and how to engage all our people when driving changes.

As a result, a medium to long-term plan has been defined. The plan will be implemented in 2022 which focuses on actions to develop diverse talents within Marelli, through sponsorships and mentorship programs carried out by our executive leaders.

The D&I Team has planned a Diversity Month in 2022 to mark the starting point for dedicated actions. Its agenda includes awareness campaigns, training courses, local roundtables, webinars, and much more, intending to bring everyone on board for this necessary process.

Marelli employees have many different social and cultural backgrounds as a global company. As stated in our Code of Conduct, we do not tolerate any activity that creates an intimidating, discriminatory, demeaning, or offensive work environment. The Marelli Integrity Hotline is available for all internal and external stakeholders to report anonymously any case of discrimination and/or harassment.

Marelli also aims to attract and retain a diverse workforce through our recruitment process. For any vacant job position in our Company, it is always recommended to include diverse candidates in both the internal and external selection process. Our proactive measures to prevent discrimination include conducting unconscious bias and recruiting skills training for our staff. The final objective is to create a community committed to driving diversity both locally and actively involving top management.



Illustrated by Huanxin from China



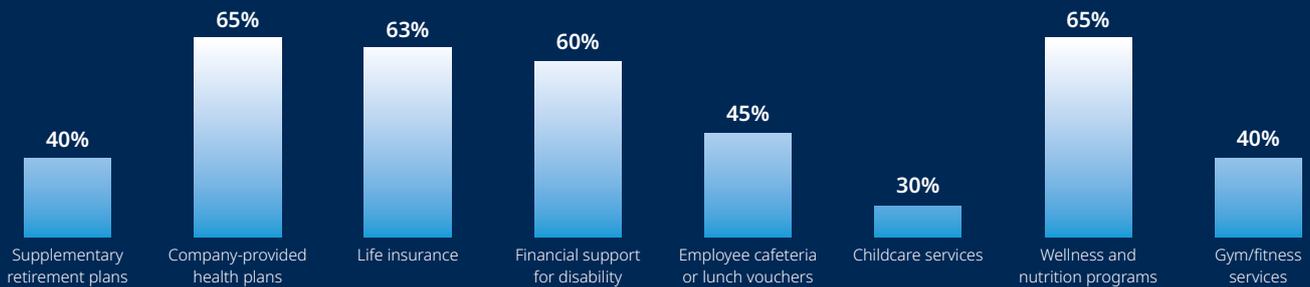
Employee Well-Being



Employee Benefits and Retention Initiatives

Benefits provide employees with value beyond their salary incentives and can make up a meaningful part of the total remuneration package. Marelli offers a competitive range of benefits, normally available to all full-time employees and, in many countries, also to part-time or temporary employees. Benefits differ according to an individual's level, country of employment, and local policies. Marelli supports equitable choices for maternity, paternity, and adoption benefits, which help employees balance parental responsibilities and their careers.

Marelli Employees Worldwide Eligible for Benefits



While labor law requirements may vary from country to country, parental leave is provided to all employees to the extent required by local regulations. In addition, Marelli is committed to supporting employees around the world to work and perform in a safe and healthy environment. Here are some examples:



Japan

The Company helps employees throughout various life stages. For employees with children, Marelli provides Child Care Leave, Shorter Working Hours to Care for Children, and Nursing Care Leave Schemes. The Company offers a Child Education Loan that covers the costs of enrolling a child in high school or higher education. A property accumulation savings system was established to help employees save for housing or other purposes. Employees who need to take care of family members can use the Family Care Leave Scheme.



UK

All employees are entitled to private medical care. The Company provides medical screening for identified employees and has a well-being calendar focused on several areas of physical and mental well-being. On certain days throughout the calendar year, the company offers well-being clinics that employees can attend with the Company's provider.



Poland

The Company provides life insurance, combined with healthcare, to all employees. It also provides a cash reward after five years of service and for each fifth anniversary after that. Service awards are given to all employees for recognition of service on their employment anniversary date. The Company holds a contract with a fitness club and employees can pay for a sports subscription to the club and receive a discount. Summer camps and holiday gifts are offered to employees, and the Company co-finances green school activities.



South America

In February 2021, Marelli South America launched the VIVA+ Program to help employees find physical and mental stability by informing, raising awareness, and motivating them on health and well-being through monthly communications. The topics covered health issues of importance in the region, such as hypertension, obesity, diabetes, and hepatitis.



Czech Republic

Retired employees receive a reward to commemorate their contribution to the Company. Accident and death insurance is provided to some employees, including executives and professionals. Once a year, the Company holds a health week, when employees can go to seminars, massages, or medical checkups.



Russia

An online health risk assessment is provided regularly, and the Company has gym facilities available for employee use. The Company also gives Service or Jubilee Awards for employees who work with them for more than 10, 15, or 20 years.

Human Rights

In July 2021, Marelli's Human Rights Policy was established to promote our respect of human rights—a non-negotiable and fundamental value of our Company. The Policy was implemented in 2021 with the aim to manage and reduce potential risks of human rights violations in our operations and our supply chain, and was communicated to 54,058 employees across our international and socially diverse locations. The Code of Conduct, which is aligned with international guidelines, including human rights, is shared with all the stakeholders. Its acceptance from suppliers is also tracked.

We have provided 10,382 hours of training on human rights during 2021, as part of the Code of Conduct training.

This was an increase of 274% compared with the previous year (details in the box below). **A new, global online training will be launched in 2022 to ensure that our employees acknowledge, understand, and use the Policy in our day-to-day operations.**

We continue to engage with suppliers to respect human rights by including human rights clauses in the purchase agreement or undergoing a human rights screening.



Human Rights Policy

The Human Rights Policy constitutes our commitment to respect internationally recognized human rights standards. We incorporated the standards relevant to our operations, which includes, but are not limited to, the UN International Bill of Human Rights (the Universal Declaration of Human Rights, International Covenants on Human Rights), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights of Labour, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and Children's Rights and Business Principles. Where national laws and international human rights standards differ, we will adhere to the national law, while seeking ways to respect fundamental human rights to the greatest extent possible.

The Human Rights Policy consists of the following principles:

- No discrimination
- No harassment
- Freedom of association
- No child labor
- Opposition to forced labor, human trafficking, and any form of slavery
- No retaliation
- Compliance with all applicable working laws on working hours, benefits, and wages
- Minimize or eliminate possible negative impacts on the environment, and occupational health and safety
- Use the principles outlined in this Policy and the Marelli Code of Conduct as criteria for selecting suppliers, other business partners, and all third parties
- Commitment to respecting the rights of local committees; protecting their cultural and natural heritage, local traditions, and customs, and contributing to their realization
- Respect the right to privacy of all stakeholders and ensure adequate security for interested parties concerned with the personal data processing operations

Fair Labor Conditions



Our commitment to human rights covers our actions that ensure all our employees are working under fair labor conditions. We strive to be transparent with employees, providing them with details on the remuneration system. We also share the bonus scheme related to our annual company performance. In our 2021 Great Place to Work survey, 88% of the surveyed employees affirmed that they are being treated fairly in their workplace, regardless of their race, ethnic origin, or other aspects. Of our employees, 80% of them agreed that they can take time off from work when necessary. Both percentages are 15% and 10% higher, respectively, than the benchmark in the manufacturing industry.

Collective Bargaining Agreements

Under its Human Rights Policy, Marelli recognizes the right of our employees to freely form or take part in trade unions or other organizations aimed at defending and promoting their interests, aligning with local laws. Collective agreements cover topics such as employees' health and safety (the provision of protective clothing, compensation in case of injury, etc.), working conditions (wages, working time, flexibility schemes, vacation days, etc.), and training (training opportunities, the availability of funds for training, etc.), as well as discrimination and harassment. As of December 31, 2021, collective bargaining agreements covered 77.4% of Marelli's surveyed

employees, who made up 96.7% of the global headcount. Of the employees not covered by such agreements, more than 98% benefit from better conditions than the minimum requirements by law.

Marelli qualifies as a European community-scale group of undertakings and is therefore subject to regulations designed to ensure employees' right to information and consultation through the establishment of a European Works Council (EWC). To this end, in 2021 we continued the activities for establishing the Special Negotiating Body (SNB) in compliance with the Italian law transposing EU Directive 2009/38/EC. The SNB will have the task of determining, with the central management, by written agreement, the scope, composition, functions, and term of office of the EWC. The preliminary meeting with the representatives of the trade unions involved in the process is expected in 2022.

Minimum Notice Period for Operational Changes

Marelli companies comply with EU Directive 2001/23/EC that stipulates mandatory information and consultation procedures with employee representatives in advance of a transfer of an undertaking or business, or if part of an undertaking or business affected by a legal transfer or merger.





In June 2021, 23 employees at the Fukushima plant participated in a gutter cleanup activity to prevent the outflow of garbage to the Sugita River and to protect the environment for small animals living in the plant area.

Social Contributions



Marelli commits to active involvement in developing local communities where our employees live and work. Our social responsibility programs continue to engage with and support our key communities both directly and indirectly through the various organizations that we support.

Marelli not only works to support the society around its facilities but also through a larger geographical spread across the countries it operates in. Its corporate social responsibility (CSR) projects are focused in areas of education, skill development, and disaster response. Through its non-governmental organization (NGO) implementation partners, Marelli helps improve the quality of life by providing primary and secondary education, employability, and infrastructure support. While strategizing the implementation of these activities, we constantly try to leverage our capabilities and expertise for the development of both the community and automotive industry. It also considers location-specific and business-specific concerns and requirements while implementing community development initiatives.



COVID-19 Response

In response to the COVID-19 pandemic, Marelli organized an internal fundraising campaign to support the International Committee of the Red Cross (ICRC). (See p.24 for more details).



China

Marelli Electronics Systems employees at Guangzhou plant participated in "Give Hope Give Love" blood donation activity and received the recognition for being "Warm-blooded Anti-epidemic Pioneer" by Guangzhou Huadu government.



In July 2021, in cooperation with Guangzhou local government which supports poverty alleviation activities in Yangshan County, Qingyuan City, the company's labor union purchased 900 boxes of local Jingbao pears.

In November 2021, Marelli participated in the "Qinghai Mutual Consumption to Help Farmers" project led by the Wuxi National Hi-tech Industry Development Zone. Our colleagues at the Wuxi plant sold more than 135 kilograms of potatoes on behalf of farmers.



Mexico

Marelli joined a local COVID-19 vaccination campaign with other automotive companies and the local government in Aguascalientes City. Each company lent its facilities for the employees' vaccination.



Marelli collected plastic caps and donated them to a children's cancer institution. The income generated from selling the caps is used to buy anti-cancer medicine.

50 team members at Marelli's San Francisco and Aguascalientes plants sponsored a total of 70 children at the Dulce Refugio and Maria Auxiliadora Children's Homes, providing them with holiday gifts. Others donated gifts for 35 children at the Margarita Gomez Palacio Kindergarten in the community of El Llano, Aguascalientes.





India

In partnership with the Bosco Technical Training Society, Marelli supports skill development programs, including a technical training for trainees working on machines.

Scholarships to over 1,100 students for primary and secondary education, and for pursuing vocational professional courses.



Installation of a 500 liters per minute (30 m³/hour) oxygen gas plant at the Indian Spinal Injuries Centre (ISIC) Hospital – part of our supplier sustainability requests from Maruti Suzuki and COVID-19 response preparation.



Donation for construction and furnishing of the New Martin Haward Block at Gairatpur Baas Panchayat School run by our NGO partner Baas Educational Trust.



Joint CSR project with HP India, a technologically-equipped school bus to enhance learning, implemented in 10 schools by the Society for All Round Development (SARD).



United States

In Sanford, North Carolina, the team collected clothing during May 2021 and donated it to their local Salvation Army. They packaged all items in reusable Marelli-branded tote bags for their donation.

The Interiors Team in Southfield, Michigan, “adopted” a family from the local branch of a charity that supports low-income families by building affordable homes. They gathered gifts for the family based on their wish list and dropped them off in time to be opened for the holiday season.



In July 2021, members of the Automotive Lighting Team in Pulaski, Tennessee, sponsored a pizza party for the Boys and Girls Club of Giles County, an organization that provides resources and childcare for low-income families.



United Kingdom

Apprentices recruited from Sunderland College are undertaking a five-year program at Marelli to develop their skills in various technical fields.

Marelli partners with Sunderland Area Parent Support (SAPS), a local city charity which helps families affected by social exclusion. Marelli employees granted over 300 wishes to families who would otherwise have gone without over the Christmas holiday period. Employees made cash donations, bought gifts and collected food items to support the cause.



Sustainability Data

Environmental Data^[1]

GRI	KPI	UNIT	2019	2020	2021
302-1	Total energy consumption	GJ	-	4,711,855	4,979,327
	Direct energy consumption	GJ	-	1,002,278	1,087,520
	of which natural gas	GJ	-	859,941	916,992
	of which LPG (liquefied petroleum gas)	GJ	-	116,210	143,359
	of which gasoil	GJ	-	3,734	4,621
	of other fuel (heavy oil, kerosene, light diesel oil)	GJ	-	17,946	17,774
	of which total electricity consumption self-generated from renewable sources	GJ	-	4,447	4,773
	Indirect energy consumption	GJ	-	3,709,577	3,891,807
	of which electricity from non-renewable sources	GJ	-	3,263,316	3,319,569
	of which total purchased electricity from certified renewable sources	GJ	-	397,732	529,322
	of which heat (district heating)	GJ	-	45,031	40,362
	of which cold water	GJ	-	272	261
	of which compressed air	GJ	-	3,226	2,293
302-3	Energy intensity	GJ / kEuro	-	0.45	0.47
	Total greenhouse gas (GHG) emissions (location-based)	metric tons of CO₂ eq	546,348	472,651	463,392
	Total greenhouse gas (GHG) emissions (market-based)	metric tons of CO₂ eq	563,058	479,568	464,650
305-1	GHG emissions: Scope 1 ^[2]	metric tons of CO ₂ eq	63,928	57,231	62,195
305-2	GHG emissions: Scope 2 (location-based) ^[3]	metric tons of CO ₂ eq	482,420	415,420	401,197
	GHG emissions: Scope 2 (market-based) ^[4]	metric tons of CO ₂ eq	499,130	422,337	402,455
305-4	Emission intensity	tCO₂eq / kEuro	-	0.05	0.04
305-7	Other significant air emissions	metric tons	-	129.93	138.05
	of which NO _x	metric tons	-	120.98	130.01
	of which SO _x	metric tons	-	8.96	8.03

1 The baseline of GHG emissions is 2019, while the baseline for all the other environmental data is 2020.

2 The Scope 1 GHG emissions reported use the emissions factors from in Table 2.2 of the *IPCC Guidelines for National Greenhouse Gas Inventories, 2006*. The coefficients for the other indirect energy consumption (e.g., cooling, heating, compressed air) are calculated considering the "generation mix" or "recipe" used by the supplier to generate the supplied energy vector. If the supplier cannot disclose the "generation mix" of a specific energy vector, historical data is used.

3 Scope 2 GHG emissions related to the consumption of electricity are calculated according to the location-based approach, using the emission factors reported by the International Energy Agency (IEA), *Emissions from Fuel Combustion*.

4 Scope 2 GHG emissions related to the consumption of electricity are calculated according to the market-based approach, using the emission factors reported by the IEA, *Emissions from Fuel Combustion* for extra-EU countries, while and AIB Residual Mixes 2019 and 2020 emission factors for countries included in the EU zone.

GRI	KPI	UNIT	2019	2020	2021
303-3	Water withdrawal^[1]	m³	-	2,454,032	2,506,384
	of which surface water	m ³	-	66,713	104,647
	of which from water stressed area	%	-	0.07	0.08
	of which groundwater	m ³	-	653,685	499,263
	of which from water stressed area	%	-	0	0
	of which third party water	m ³	-	1,733,634	1,902,475
	of which from water stressed area	%	-	34	35
303-4	Water discharges^[2]	m³	-	1,575,911	1,492,573
	to surface water	m ³	-	232,693	240,021
	of which to water stressed area	%	-	0	0
	to third party water	m ³	-	1,343,218	1,252,552
	of which to water stressed area	%	-	21	27
306-3	Total waste	metric tons	-	78,564	88,128
	Total hazardous waste	metric tons	-	5,338	6,049
	Total non-hazardous waste	metric tons	-	73,227	82,079
306-4	Waste diverted from disposal	metric tons	-	67,264	75,159
	Total hazardous waste	metric tons	-	1,699	1,660
	of which sent to recycling	metric tons	-	1,699	1,660
	of which sent to other recovery operations	metric tons	-	0	0
	Total non-hazardous waste	metric tons	-	65,565	73,499
	of which sent to recycling	metric tons	-	65,565	73,499
	of which sent to other recovery operations	metric tons	-	0	0
306-5	Waste directed to disposal	metric tons	-	11,300	12,970
	Total hazardous waste	metric tons	-	3,638	4,389
	of which sent to incineration (with energy recovery)	metric tons	-	1,562	2,103
	of which sent to incineration (without energy recovery)	metric tons	-	345	745
	Landfilling	metric tons	-	14	19
	Other disposal options	metric tons	-	1,718	1,522
	Total non-hazardous waste	metric tons	-	7,662	8,581
	of which sent to incineration (with energy recovery)	metric tons	-	2,811	3,888
	of which sent to incineration (without energy recovery)	metric tons	-	493	646
	Landfilling	metric tons	-	2,834	2,615
	Other disposal options	metric tons	-	1,524	1,431

1 In general, water stressed areas (using Aqueeduct tool) are within China, India, Italy, Mexico, Morocco, Romania, and Thailand.

Restatement of environmental, and occupational health and safety data has been done for 2019 (GHG emissions only) and 2020 data because:

- Data of the sites that were closed or are no longer under control of Marelli have been removed from the perimeter.
- 2021 data of new sites entered in the perimeter from 2021 have been added to 2020 data.

2 Marelli does not discharge any waste water to groundwater and seawater.

Occupational Health & Safety Data^[1]

GRI	KPI	UNIT	2019	2020	2021
403-9	Employees				
	Number of injuries	number	-	95	81
	of which fatal injuries	number	-	1	0
	of which high consequences loss time injuries (LTI)	number	-	11	26
	of which LTI	number	-	83	55
	Number of first aid (FA) received	number	-	476	410
	Number of commuting injuries	number	-	116	135
	Rate of total LTI (including high consequences LTI)	(Total LTI / Worked hours) x 1,000,000	-	1.052	0.87
	Rate of fatalities as a result of work-related injury	(Fatal injuries / Worked hours) x 1,000,000	-	0.011	0
	Rate of high-consequence work-related injuries (excluding fatalities)	(High consequences LTI / Worked hours) x 1,000,000	-	0.12	0.28
	Rate of recordable work-related injuries	(Total LTI ^[2] +FA) / Worked hours x 1,000,000	-	6.31	5.27
	Total worked hours	hours	-	90,285,804	93,161,872
	Workers who are not employees^[3]				
	Number of injuries	number	-	10	14
	of which fatal injuries	number	-	0	0
	of which high consequences LTI	number	-	1	8
	of which LTI	number	-	9	6
	Number of FA received	number	-	59	29
	Rate of total LTI (including high consequences LTI)	(Total LTI / Worked hours) x 1,000,000	-	0.76	0.84
	Rate of fatalities as a result of work-related injury	(Fatal injuries / Worked hours) x 1,000,000	-	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	(High consequences LTI / Worked hours) x 1,000,000	-	0.08	0.48	
Rate of recordable work-related injuries	(Total LTI ^[2] +FA) / Worked hours x 1,000,000	-	5.22	2.59	
Total worked hours	hours	-	13,216,374	16,631,771	
403-10 (partial)	Number of recordable work-related ill health cases	number	-	2	6
	Employees who had medical check-up	number	-	31,751	39,359

1 The baseline for Occupational Health & Safety data is 2020.

2 This includes high consequences loss time injuries.

3 Workers who are not employees include both agency workers and external contractors.

Training Data^[1]

GRI	KPI	UNIT	2019	2020	2021
404-1	Training				
	Total training hours provided to employees	hours	605,813	429,122	444,199
	of which health and safety training	hours	130,343	101,490	83,397
	Hours of training per employee	hours / employee	10.05	7.39	8.22
	Hours of training per woman	hours / employee	8.35	7.57	5.99
	Hours of training per man	hours / employee	6.37	8.24	9.13
	Hours of training per "other" employee	hours / employee	not available	1.33 ^[2]	0
	Hours of training per white collar employee	hours / employee	15.66	8.74	11.63
	Hours of training per blue collar employee	hours / employee	6.84	5.41	4.88
412-2	Total training hours related to human rights policies or procedures concerning human rights aspects	hours	3,378	2,779	10,382
	Number of employees trained in human rights policies, etc.	number	6,533	6,234	9,818
	Percentage of employees trained in human rights policies, etc.	%	11	11	18
404-3	Percentage of employees receiving regular performance and career development reviews	%	45	60	63
	of which managers	%	91	88	100
	of which white collar employees	%	85	89	96
	of which blue collar employees	%	20	42	45
	of which women	%	44	70	64
	of which men	%	51	65	63

1 Statistics on training carried out in Korea and Malaysia are unavailable.

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

Human Resources Data

GRI	KPI	UNIT	2019	2020	2021
102-8	Total number of employees	number	60,287	58,077	54,058
	of which women	number	15,128	14,522	15,702
	of which men	number	39,269	37,837	38,356
	of which "other" ^[1]	number	5,890	5,718	0
	Number of workers (interns, work agencies workers)	number	4,842	5,512	4,202
	Number of permanent contracts	number	57,875	55,755	51,832
	Number of temporary contracts	number	2,412	2,322	2,226
	of which women	permanent	14,260	13,738	14,908
		temporary	868	784	794
	of which men	permanent	37,738	36,376	36,294
		temporary	1,531	1,461	1,432
	of which "other" ^[1]	permanent	5,877	5,641	0
		temporary	13	77	0
	of which from EMEA	permanent	21,757	20,993	20,299
		temporary	800	753	804
	of which from APAC	permanent	18,409	16,943	13,946
		temporary	1,483	1,232	669
	of which from NAM	permanent	12,950	13,179	12,936
		temporary	17	80	463
	of which from LATAM	permanent	4,759	4,640	4,651
		temporary	112	257	290
	Number of full-time contracts	number	47,294	57,608	53,621
	of which women	number	12,321	14,181	15,363
of which men	number	33,105	37,718	38,258	
of which "other" ^[1]	number	1,868	5,709	0	
Number of part-time contracts	number	12,993	469	437	
of which women	number	2,807	341	339	
of which men	number	6,164	119	98	
of which "other" ^[1]	number	4,022	9	0	
102-41	Percentage of total employees covered by collective bargaining agreements	%	64.7	70.0	77.4
401-1 ^[2]	New hires	number	7,155	7,349	11,493
	Hiring rate (total)^[3]	%	12	13	21
	of which < 30 years old	number	4,035	3,011	5,785
		%	30	27	49
	of which 30 ≤ age ≤ 50 years old	number	2,886	3,662	4,808
		%	8	10	15
	of which > 50 years old	number	234	676	900
%		2	6	9	

1 Employees working in Mexico and the United States for whom gender information is unavailable for 2019 and 2020.

2 Data regarding only permanent employees.

3 Hiring rate is calculated as the number of new employees with a permanent contract hired during the year compared to the total number of Company employees with a permanent contract on December 31 of the reporting period.

GRI	KPI	UNIT	2019	2020	2021
401-1	of which women	number	2,385	2,019	4,247
		%	17	15	28
	of which men	number	4,664	4,706	7,237
		%	12	13	20
	of which "other" ^[1]	number	106	624	9 ^[3]
		%	2	11	Not available
	Leavers	number	10,879	10,096	15,512
	Turnover rate (total)^[2]	%	18	17	29
	of which < 30 years old	number	4,136	2,845	5,150
		%	31	25	43
	of which 30 ≤ age ≤ 50 years old	number	5,192	5,568	8,091
		%	15	16	25
	of which > 50 years old	number	1,551	1,683	2,271
		%	13	15	23
	of which women	number	3,533	2,665	4,803
		%	25	19	32
	of which men	number	7,216	6,393	9,903
		%	19	18	27
	of which "other" ^[1]	number	130	1,038	806 ^[2]
%		2	18	Not available	
405-1	Total number of managers	number	554	598	650
	of which women	number	47	47	70
	of which men	number	461	513	580
	of which "other" ^[1]	number	46	38	0
	of which < 30 years old	number	1	1	1
	of which 30 ≤ age ≤ 50 years old	number	252	211	266
	of which > 50 years old	number	301	386	383
	Total number of white collar employees	number	21,996	21,609	18,607
	of which women	number	4,999	4,559	4,648
	of which men	number	16,071	15,109	13,959
	of which "other" ^[1]	number	926	1,941	0
	of which < 30 years old	number	4,126	3,353	3,205
	of which 30 ≤ age ≤ 50 years old	number	13,243	13,804	11,675
	of which > 50 years old	number	4,627	4,452	3,727
	Total number of blue collar employees	number	37,737	35,870	34,801
	of which women	number	12,005	9,916	10,984
	of which men	number	23,766	22,215	23,817
	of which "other" ^[1]	number	1,966	3,739	0
	of which < 30 years old	number	9,275	7,886	8,676
	of which 30 ≤ age ≤ 50 years old	number	21,613	21,656	20,307
	of which > 50 years old	number	6,849	6,328	5,818

1 Employees working in Mexico and the United States for whom gender information is unavailable for 2019 and 2020.

2 Turnover rate is calculated as the number of employees with a permanent contract who left the Company during the year compared to the number of Company employees with a permanent contract on December 31 of the reporting period.

3 In December 2021, the gender of each employee has been recorded worldwide, therefore the gender of employees who left the company before December 2021 is unavailable and defined as "other".

Supply Chain Data

GRI	KPI	UNIT	2019	2020	2021
308-2 / 414-2	Suppliers assessed for social and environmental impacts ^[1]	number	823	827	827 ^[2]
	Suppliers identified as having significant actual and potential negative social and environmental impacts	number	448	448	425
	of which improvements were agreed upon as a result of assessment	number	383	383	389
		%	85	85	92
	of which relationships were terminated as a result of assessment	number	1	0	0
%		0.22	0	0	
412-3	Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	%	100	100	100 ^[3]
204-1	Local procurement				
	EMEA	%	40.8	32.5	42.5
	APAC	%	30.1	42.9	31
	NAM	%	24.7	20.8	21.2
	LATAM	%	4.5	3.8	5.3

Information Security Data

GRI	KPI	UNIT	2019	2020	2021
Non GRI	Hours of training provided to employees on information security	hours / employee	5.5	4.5	11.5

1 The social aspects assessed include ethics and compliance.

2 No new assessments have been performed on suppliers.

3 100% of suppliers received the request to accept the Marelli Code of Conduct. In 2021, among the 2,607 active suppliers identified for direct materials, 1,247 have accepted and the rest are under discussion.

The front cover and next page illustration was drawn by Siwannara from Thailand.

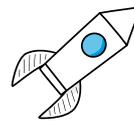
Marelli Thailand organized an internal children drawing competition for this report. The drawing on the front page was a winner of the competition.

The winner commented "Our world is constantly evolving but we must live in harmony with nature sustainably. "Save Earth, Save Life" is the concept of the drawing. By cooperating to save the world in every way of our life and not to destroy the environment, we can realize a better future for us all and the environment.

We thank to all the children who illustrated this report. Thank you to all our employees for the contribution.



About This Report



Reporting Period and Scope

This document is the third edition of the Marelli Sustainability Report ("this Report"). This Report covers the period from January 1, 2021 to December 31, 2021 (the "reporting period") and captures Marelli's sustainability achievements in the reporting period. The reporting scope for social and human resources data includes all Marelli operations and consolidated companies, whereas the environmental data covers Marelli's sustainability perimeter, where we have the 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.

This Report has been prepared considering the GRI Standards. We are committed to quality reporting and have started integrating the 2021 version of the Standards (which has an effective date of January 1, 2023). Although the automotive industry standard is not yet published under the GRI Standards, we are anticipating and preparing for its development.

Fit for the Future

This year's report theme is Fit for the Future. It shows how Marelli takes action and makes commitments now that will positively impact our future. The illustrations are all made by children connected to our employees around the world. They show their perspective of Marelli and how we should be fit for their future.

Forward-Looking Statements

This Report contains forward-looking statements. Please be aware that actual results may differ due to various factors.

Publication Date: June 2022

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

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