

EBERSPÄCHER / GROUP

SUSTAINABILITY REPORT 2019

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1. Foreword

Environmental protection and careful use of resources are continually growing in importance and increasingly shape our everyday lives, both professionally and personally. The focus of our strategy is sustainable corporate management, products, and solutions which will facilitate the clean mobility of tomorrow. A wide range of trending topics such as digitization, urbanization, and individualization are shaping the transformation of the automotive industry. In this context, we as an automotive supplier are using our strengths and actively driving forward with changes. In doing so, innovation serves as the basis for all our activities. It is the element that connects the established Divisions of Exhaust Technology, Climate Control Systems, Automotive Controls, and the development of new areas of activity. As a family-owned company, we base our future development on three pillars: Clean Mobility, Smart Solutions, and Dedicated People.

We are aware of our corporate responsibility with respect to society, the environment, and individuals. With the introduction of this sustainability report, the Eberspächer Group will provide information in the future about the various aspects of the issue of sustainability. At the same time, this report is not merely a confirmation of the efforts already undertaken, but rather a stimulus for the future. Sustainability is not a matter of chance. It is the result of planned entrepreneurial activity. Sustainable management relates to the entire life cycle of a product. As an exhaust technology and thermal management specialist we consider the entire production and supply chain from innovation, procurement of components, through production, to disposal.

2. The Eberspächer Group

2.1 Business model of the Group

Eberspächer Group is registered in Esslingen am Neckar, Germany. It was founded in 1865 by Jakob Eberspächer. With around 10,000 employees in 80 sites around the globe, the Group is one of the largest system developers and suppliers in the automotive industry. The Company produces series of complete systems and components for automobile manufacturers and also supplies the aftermarket with exactly fitting retrofit solutions. The Group comprises three Divisions, Exhaust Technology, Climate Control Systems, and Automotive Controls, which in turn are supported by the Corporate Center.

Eberspächer develops its position in existing and new markets by driving innovation as well as acquisitions and partnerships. The family-owned Company aims to shape the mobility of the future. The Business Innovation department specifically targets new products and markets. The overall Corporate Strategy, MOVE, leads the way in this respect: We are shaping the Clean Mobility of the future and are inspiring our customers with Smart Solutions both developed and produced by Dedicated People.

EXHAUST TECHNOLOGY

In the Exhaust Technology Division, Eberspächer develops and produces exhaust systems for passenger cars and commercial vehicles in consultation with the automobile manufacturers. This exhaust technology contributes to meet the emission and noise standards. It aims to reduce fuel consumption and CO₂ emissions.

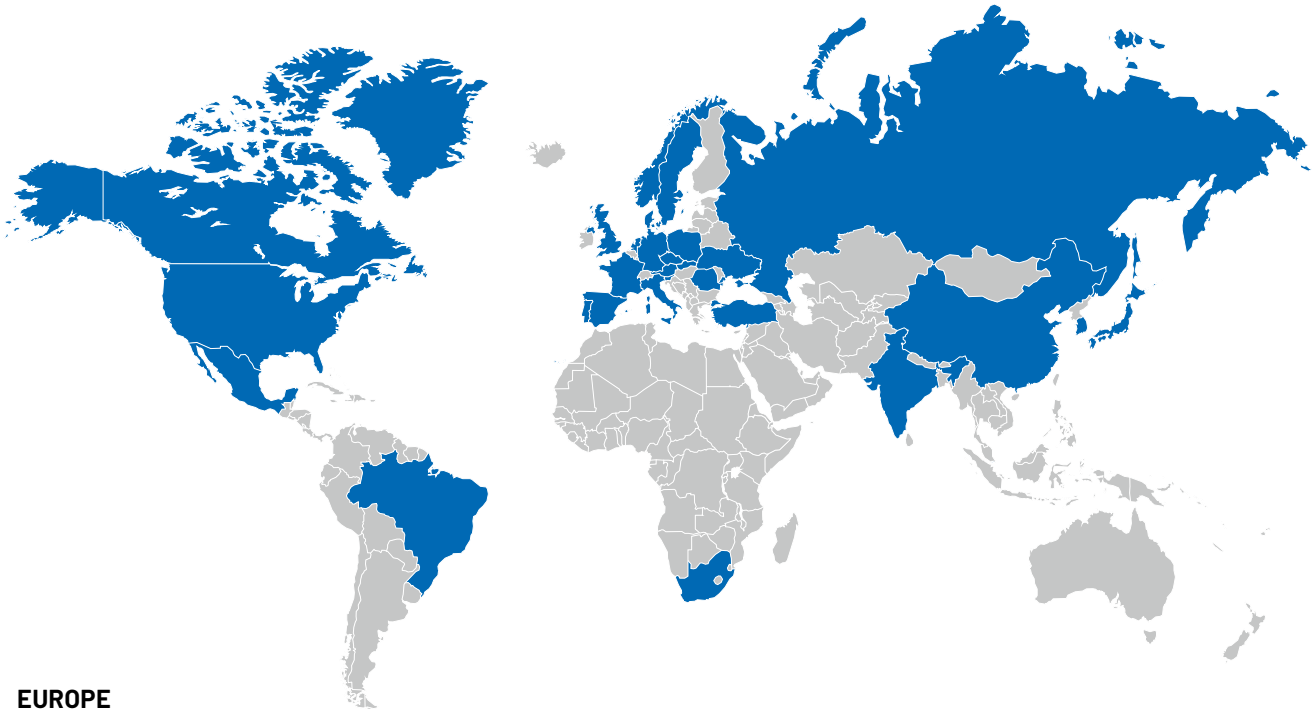
CLIMATE CONTROL SYSTEMS

The Climate Control Systems Division focuses on thermal management in vehicles. This comprises pre-heaters for passenger, commercial, and non-road vehicles as well as air-conditioning systems for buses and special vehicles. Eberspächer provides innovative solutions in the form of electrical heaters for passenger vehicles with hybrid, electric and fuel cell drives.

AUTOMOTIVE CONTROLS

Eberspächer's Automotive Controls Division develops and produces standardized and customer-specific electronic solutions. The vehicle electronic applications comprise vehicle electric system and energy management, engine and drive train management, as well as control units and electronics modules for vehicle air-conditioning systems and extended vehicle functions. The portfolio is completed with battery management and energy storage systems used in special vehicles, medical technology, and industrial applications.

2.2 Global Footprint



EUROPE

<p><i>Austria</i></p> <ul style="list-style-type: none"> ■ Graz ● Wiener Neudorf 	<p><i>Germany</i></p> <ul style="list-style-type: none"> ■ Emden ■●▲ Esslingen ● Hermsdorf ● Herxheim ■ Homburg ▲ Landau ■ Neunkirchen ● Renningen ■ Schwäbisch Gmünd ● Torgelow ■ Wilsdruff / Dresden 	<p><i>Poland</i></p> <ul style="list-style-type: none"> ● Oława ● Wysogotowo / Poznań 	<p><i>Spain</i></p> <ul style="list-style-type: none"> ● Getafe / Madrid
<p><i>Czech Republic</i></p> <ul style="list-style-type: none"> ● Prague ■ Rakovník 	<p><i>Italy</i></p> <ul style="list-style-type: none"> ● Borgosatollo ■ Castellalto ■ Turin 	<p><i>Portugal</i></p> <ul style="list-style-type: none"> ■ Tondela 	<p><i>Sweden</i></p> <ul style="list-style-type: none"> ● Nacka Strand / Stockholm ■ Nyköping ● Trollhättan
<p><i>Denmark</i></p> <ul style="list-style-type: none"> ● Copenhagen 	<p><i>Netherlands</i></p> <ul style="list-style-type: none"> ■ Sittard 	<p><i>Romania</i></p> <ul style="list-style-type: none"> ● Cluj ■ Oradea 	<p><i>Turkey</i></p> <ul style="list-style-type: none"> ■ Nilüfer / Bursa
<p><i>France</i></p> <ul style="list-style-type: none"> ■● Elancourt / Paris ■ Maubeuge ● Pusignan / Lyon ■ St. Michel 	<p><i>Norway</i></p> <ul style="list-style-type: none"> ● Trollåsen / Oslo 	<p><i>Russia</i></p> <ul style="list-style-type: none"> ● Krasnoyarsk ■● Moscow ● Nizhniy Novgorod ● Novosibirsk ■● St. Petersburg ■ Tolyatti ● Yekaterinburg 	<p><i>Ukraine</i></p> <ul style="list-style-type: none"> ● Kiev
		<p><i>Slovak Republic</i></p> <ul style="list-style-type: none"> ■ Nitra 	<p><i>United Kingdom</i></p> <ul style="list-style-type: none"> ■ Cowley / Oxford ● Ringwood
		<p><i>Slovenia</i></p> <ul style="list-style-type: none"> ● Ljubljana 	

THE AMERICAS*Brazil*

- Resende
- Sorocaba

Canada

- ▲ Concord / Toronto
- Mississauga / Toronto

Mexico

- Mexico City
- Monterrey
- Saltillo

USA

- ▲ Brighton, MI
- Northport / Tuscaloosa, AL
- Novi, MI
- Spartanburg, SC
- Wixom, MI

AFRICA*South Africa*

- Port Elizabeth
- Rosslyn / Pretoria

ASIA*China*

- Beijing
- Changchun
- Chongqing
- Foshan
- Shanghai
- Taizhou
- ▲ Tianjin
- Xi'an
- Yulin
- Zhangjiakou
- Zhongshan

India

- Bangalore
- Pune

Japan

- Nagoya
- Odawara
- Yokohama

Republic of Korea

- Seoul

Singapore

- Singapore

- Exhaust Technology
- Climate Control Systems
- ▲ Automotive Controls

Excluding sales representations (Version May 2020)

2.3 Corporate strategy and values

The motto for our Corporate Strategy is MOVE. Through profitable growth, we increase the value of our Company continuously and move Eberspächer towards a successful future. As a family-owned company, we focus on trust and our strengths: long-term thinking, and an established value culture. We face the global competition and changing market conditions with confidence and resolution – since 1865, today, and in the future.



Our corporate strategy is based on three pillars:

Clean Mobility

Our products and services help support environmental protection, safety, and comfort in vehicles.

Smart Solutions

We vigorously pursue innovations that inspire our customers. We expand our market position through investments, partnerships, and acquisitions.

Dedicated People

We act with dedication and accept responsibility. We continuously develop our capabilities and create a powerful, global organization in an attractive working environment.

In their everyday working lives and their cooperation, employees and managers at Eberspächer put three values into practice. These guide us in our interactions.



2.4 Certifications held

	2019	2018	2017
Quality management systems in accordance with IATF 16949/ ISO 9001	35	34	28
Environmental management systems in accordance with ISO 14001	24	21	17
Energy management systems in accordance with ISO 50001	5	1	1
Health and Safety management systems in accordance with ISO 45001/OHSAS 18001	10	2	2

Tab 1: Number of certified production sites

In order to meet increasing customer requirements regarding high levels of information security and compliance requirements associated with data protection, the Esslingen site was successfully certified by TISAX in 2019. This first important step should be a basis for facilitating approval of other relevant departments and sites.

3. Dialog with stakeholders

Eberspächer’s stakeholders are varied and differ in their preferences, communication channels, and requirements. We open up a dialog with them regularly to identify developments and trends in our surroundings and in our Company itself at an early stage. The communication channels in this context are extremely varied and range from personal, face-to-face contact, through publications and online channels, to information events such as employee meetings, customer presentations, supplier events, press conferences, information days for young job starters, and trade fairs.

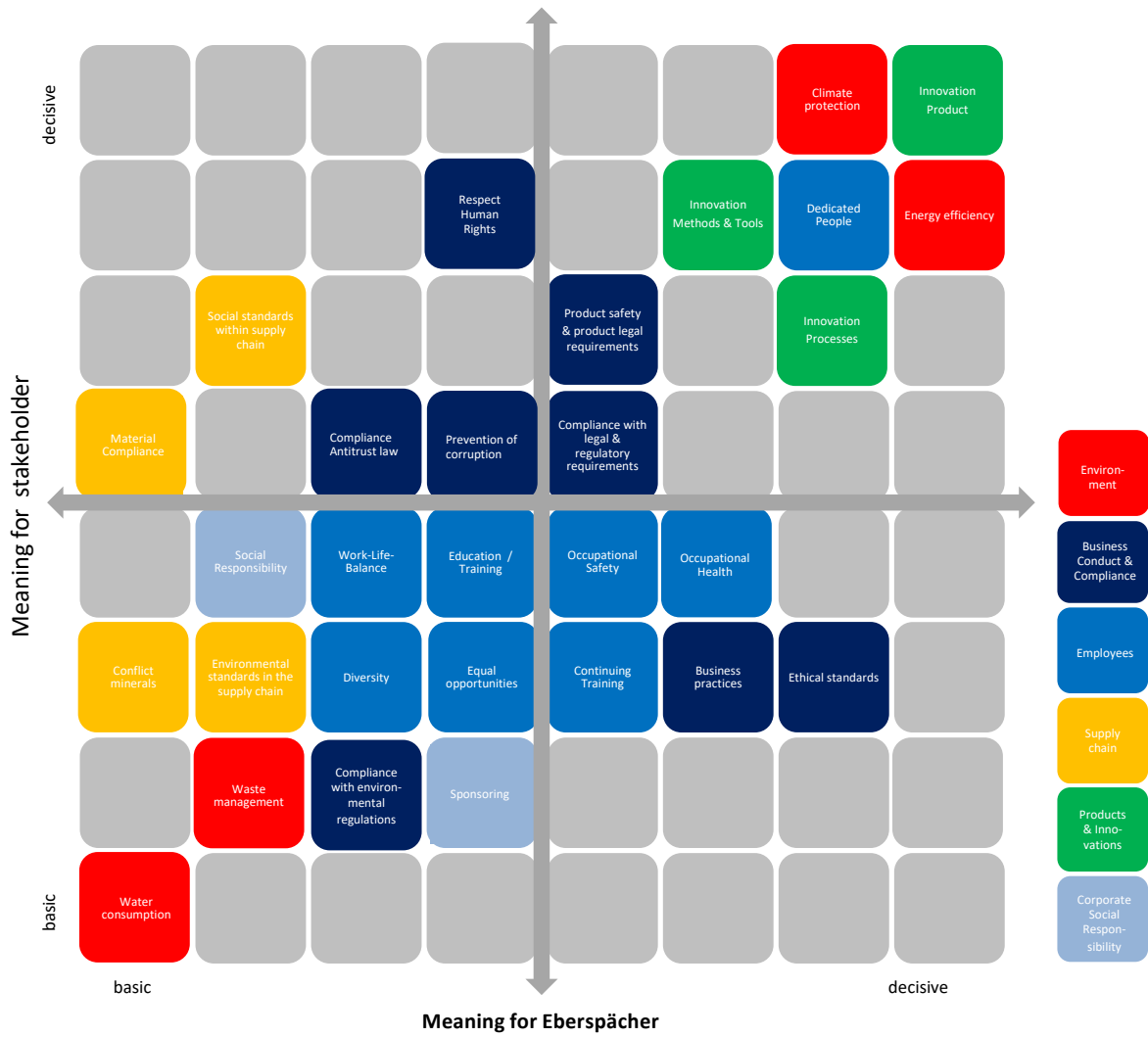


Stakeholders and channels of interaction

Through regular interaction with our interest parties, we identify relevant issues and possible starting points for sustainable action. We therefore consult closely with our customers in the automotive industry in particular. Our aim is to support them with their sustainability activities and their social responsibility along the entire supply chain.

A sustainability team, which comprises employees from Personnel Development, Quality Management, Compliance, Occupational Health, Safety and Environmental Management, allocates the issues identified to various action areas in a relevance analysis and evaluates them with regard to their significance for Eberspächer.

On this basis, the team analyses opportunities and risks, sets goals, and develops an initial “Sustainability Roadmap” (see Section 4.2 Environment).



Matrix for relevance analysis

4. The six action areas for sustainability

For many of our customers, sustainability is an important criterion when it comes to selecting a supplier and placing orders. In order to represent sustainability-related services in a transparent way, Eberspächer differentiates between six global action areas. Targeted measures and continuous improvements within these action areas form the basis for our contribution to a sustainable society and for the long-term success of the Company. In this context, we consider ecological, ethical, social, economic, and legal aspects. For our part, sustainability as a corporate aim is affected mainly through the action areas of climate protection and energy efficiency, innovations and Dedicated People. They play an essential role in the success of our sustainability strategy.

The six action areas in Eberspächer's sustainability strategy



4.1 Employees

4.1.1 At a glance

The biggest technological innovations are always developed by people who show the greatest commitment, intelligence, and passion for their tasks and think outside the box. This is why Eberspächer gives its employees the leeway and opportunities for reaching their highest creativity and full potential. Their technical, personal, and social skills are an

important prerequisite for realizing our worldwide growth strategy and a crucial factor in the success of the Company. As a family-owned company, Eberspächer places great importance on trust, long-term thinking, and an established value culture.

		2019	2018	2017
Ø Employees	Number	9,928	9,862	9,489
Accidents with days lost	Number	144	150	138
Accident frequency rate	Accidents/h worked x 1 million	7.2	7.3	7.4

Tab 2: Overview of accidents in the workplace in relation to average number of employees

4.1.2 Management approach and HR policy

In a culture based on respect, the Company ensures that fairness is employed at all levels. Eberspächer does not tolerate any discrimination and instead promotes diversity and equal opportunities. Compliance with labor laws and adequate pay are regarded as natural. Eberspächer respects the legitimate representation of its employees interests and entirely rejects corruption and any form of forced and child labor. As a global player, Eberspächer is committed to upholding human rights and fair working conditions around the world. This is embedded in the Code of Conduct.

Eberspächer creates the organizational framework conditions and provides comprehensive social benefits that are required for retaining employees and simplifying the integration of new employees. At Eberspächer, this includes measures such as providing occupational health management, a company-owned day care facility for children at the location in Esslingen, or a subsidised canteen at many locations. It is important for Eberspächer to engage in an open dialog with its employees. This is continuously promoted by the global „Dialog with Management“, the Team E Employee Magazine which is published quarterly in seven languages and an employee feedback as a fixed control and evaluation instrument.

4.1.3 Dedicated People

The international focus and global growth of Eberspächer is reflected in the number of its employees. In fiscal year 2019, an average of 9,928 persons (including trainees) were employed, of which 4,506 in Germany, and 5,422 abroad. Compared with the prior year (9,862 employees), 66 new jobs were created. 6,816 employees worked in the Exhaust Technology Division, 2,663 in the Climate Controls Systems Division, 370 in the Automotive Controls Division, and 79 in the Corporate Center. As a liberal company, Eberspächer employs people from around 50 nationalities at the head office in Esslingen, Germany, alone.



4.1.4 Vocational and further training

Life-long learning and continuous development form the basis for the Company's success. As part of its HR and talent development activities, Eberspächer conducts regular feedback talks and development planning. The focus is on implementing specific programs to develop and expand the professional, method, and process competences as well as the personal development of employees.

'JAKOB University', a digital learning management system, provides direct access to training opportunities and gives employees a transparent overview of the comprehensive training offers. The online learning tool therefore contributes to the development of knowledge within the Group. 'JAKOB University' is available at almost all German and US sites at present.

Designing a new competence model and the new 'Leads!' executive program were focal points of global HR development in 2019. Both are to be rolled out in 2020. The corporate values are an important part, and at the same time form the basis, of both measures. The cross-site, three-year Eberspächer development program for young professionals has become another important HR development tool. 70 employees are currently participating in this.

In the past year, Eberspächer further invested in its executive training with programs such as 'Coach, don't tell', 'Career Path', and the internationally aligned 'Development Centers'. The latter assist executives with determining their personal position on the career ladder and their further development. Coach Leaders were appointed around the world in order to further strengthen the 'Coach, don't tell' executive initiative. They support the initiative on site in the national companies. The Onboarding Days, a two-day introductory program for new hires, were continued in 2019 and by now form an important part of the introduction period for new employees.

Eberspächer has always placed great importance on training young people. The Company provides industrial and business training as well as dual studies with a technical and business management focus. In 2019, an average of 283 trainees worked for the Company in Germany and abroad.



4.1.5 Occupational health and safety

The superior aim of Eberspächer's occupational health and safety activities is to prevent accidents and industrial diseases. The Company implements a Group-wide occupational HSE (Health, Safety and Environment) management system for this purpose. In 2019, the occupational health and safety management system in the Exhaust Technology Division was also certified in accordance with the ISO 45001 standard at the sites in Neunkirchen, Schwäbisch-Gmünd, Rakovník, Oradea, Cowley, Port Elizabeth, Shanghai, and Spartanburg. The ISO 45001 certification will be gradually rolled out to further sites in the coming years. Eberspächer has experts at all plants who assist the local management with creating safe working conditions and minimizing the effects of the

activities on the environment. An HSE function, which has been set up in every Division, coordinates the global activities to promote networking between experts, learning from one another, and developing global standards based on best practices. Eberspächer lives by the principle: 'Safety first, Quality always'. A key benchmark for the success of this guiding principle and preventive occupational health and safety activities is the trend of absenteeism and accidents. The accident frequency rate and severity decreased considerably in recent years (2013 to 2019) due to active occupational Health, Safety and Environment measures.



The Company's health management was further developed, particularly in Germany. It comprises numerous preventive offers and health-promoting measures: from healthcare training to company sports groups, eye test, ergonomics and nutrition workshops and company reintegration management. At Eberspächer, responsible doing is also reflected in the range of social consulting services on offer. A health week was once again held at the Esslingen site in 2019, which gave employees the opportunity to participate in workshops, consulting services and topical talks.

4.2 Environment

4.2.1 At a glance

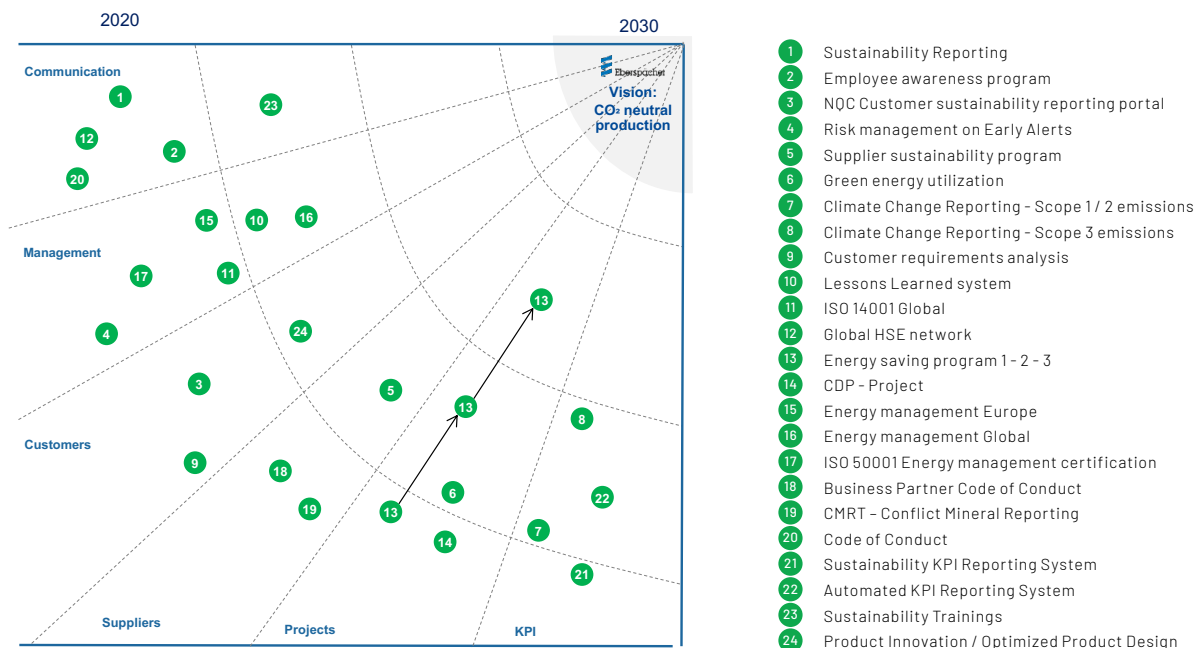
In order to review the targets set in relation to protection of resources and the environment, all production sites of the Eberspächer Group collect clearly defined environmental performance indicators every month.

		2019	2018	2017
Overall energy consumption	MWh	185,186	190,689	182,738
Electricity consumption	MWh	128,212	132,790	123,290
Heating consumption (oil, gas, district heating)	MWh	56,974	57,899	59,448
Emissions generated in t CO ₂ electricity	t co ₂ e	52,827	53,824	50,263
Emissions generated in t CO ₂ gas	t co ₂ e	8,384	8,773	9,524
Non-hazardous waste	t	14,727	15,635	
Hazardous waste	t	1,289	1,433	

Tab 3: Environmental performance indicators over the year

Eberspächer sets high standards for itself in the environmental area. The environmental management systems of almost all production sites are certified in accordance with the requirements of ISO 14001. The continuous reduction in energy consumption is a key component in the annual environmental and energy programs at the individual sites. We have reinforced this objective with the decision taken in 2019 to gradually introduce a certified energy management system. At

the first stage, four production sites from the Exhaust Technology Division in Europe and the central support functions have been successfully certified according to ISO 50001. An independent body also carried out energy audits of the other European sites of the Eberspächer Group in accordance with DIN 16247. The measures derived from these are being implemented in succession. They are thus further optimizing energy consumption.



4.2.2 The basis of our energy and environmental management

Eberspächer environmental and energy guidelines

We expressly undertake

- to make the applicable statutory provisions and self-imposed obligations known at all levels of the Company and to comply with them as a minimum standard.
- to use the best available technologies in planning and implementation of production and maintenance procedures. We take account of appropriate risk provisioning to avoid environment-related operational interruptions and their impacts.
- to avoid creating scrap, waste water, pollutants, and emissions as part of our processes. In this way, we permanently minimize the environmental pollution we cause.
- to define resources, objectives, and programs for continuous improvement of the environmental performance and energy efficiency of our processes.
- to organize the determination, evaluation, and monitoring of activities related to energy and the environment by means of a management system. In this way, we can regularly check progress and develop our measures further.
- to use material, energy, and water sparingly to protect resources to the maximum. We continuously develop our energy data recording system to monitor efficient use of energy and reduce emissions in the long term.
- to motivate our employees to protect the environment, save energy, and to take account of health and safety in their behavior in the workplace. Our managers promote training plans and support their implementation with department-specific information for their employees.
- to promote an open dialog with our employees, customers, contract partners, the authorities, and the public.
- to ensure compliance with the legal requirements in relation to energy efficiency.
- to prioritize energy and environmental factors in our procurement activities, taking account of cost-effectiveness.
- to require our contract partners to take active measures to protect the environment and use resources sparingly when fulfilling contracts on our sites.

4.2.3 Energy

The Eberspächer Group meets around two-thirds of its entire energy needs with electricity. In 2018, absolute electricity consumption increased due to the ramp-up of numerous new production lines and new plants. By 2019, it had already been possible to cut back by 3 percent as a result of targeted process optimization.

Among other things, the energy-saving program includes the following measures to reduce electricity consumption:

- Efficient compressed air management: By replacing older compressors with modern systems, lowering the general pressure level to reduce losses, and consistently repairing leaks, it has been possible to save up to 500 MWh/a per plant.
- Automatic closing flaps in the welding fume extraction systems of welding cells: Automatic closing of the individual extraction devices during assembly and removal of workpieces from the devices leads to a reduction in the volume flow and reduces electricity consumption by up to 500 MWh/a per production plant.

In parallel, the CO₂ emissions generated indirectly decreased in 2018. We are achieving the next big step in reduction of CO₂ emissions by procuring green electricity. As a result of this environmental measure, there will be no CO₂ emissions generated at the German sites of the Exhaust Technology Division through electricity consumption from 2021.

Natural gas covers about one-third of the total energy needs of the Eberspächer plants and is used exclusively to heat the production buildings. Energy in the form of natural gas is not used in the production processes. Although Eberspächer has opened new sites, the consumption of natural gas could be reduced by more than 10 percent by a wide range of optimization measures. At the same time, the CO₂ emissions caused by heating with natural gas decreased by more than 10 percent.

Heat recovery measures made a further contribution. Installation of a heat recovery system in welding fume extraction equipment allows a saving of 1 GWh/a per production site.

4.2.4 Waste

Waste is divided into non-hazardous and hazardous waste for recording purposes. The amount of waste created at all Eberspächer sites worldwide has been recorded since 2018. Through intelligent waste management, we succeeded in lowering the amount of non-hazardous waste by 6 percent and the amount of hazardous waste by as much as 11 percent year-on-year.

4.2.5 Water

Water is not required as a direct resource for the production processes. The proportion of sanitary water in the overall water consumption of Eberspächer is therefore over 90 percent. The low volumes of wastewater from cooling and cleaning processes are discharged neither directly nor indirectly, but disposed of completely as waste by certified contract partners. Since, as a scarce resource, water is a relevant environmental performance indicator that is often checked by customers in the context of sustainability monitoring, we attach particular importance to efficient water consumption.

4.3 Business conduct and legal compliance

Along with observance of ethical values, compliance with the law and internal regulations form the basis of our economic success. Strict adherence to all legal regulations that apply to our business activities both internationally and nationally in the respective countries is of paramount importance. This applies to the obligations we place on ourselves, internal company guidelines, and other regulations. Conventions and recommendations of national and international organizations, such as the United Nations Global Compact, the UN Guidelines on Business and Human Rights, or the OECD Guidelines for Multinational Enterprises, provide important guidance to Eberspächer.

In addition to the requirement of fair competition and the ban on cartels, prohibition of corruption is the most important rule of conduct for Eberspächer employees in business transactions. Bribery and corruption in business transactions are therefore proscribed and prohibited. Even the appearance of corrupt behavior must be avoided.

The Code of Conduct of the Eberspächer Group combines all the most important principles for compliance with the law and with regulations, as well as for morally and ethically acceptable conduct in business transactions and in dealings with colleagues. It is binding throughout the world on all members of the Company management, all employees, and everyone else who works for Eberspächer.

The responsibility for compliance with the law and regulations, for integrity in business, and awareness of and adherence to this code lies with each individual Eberspächer employee.

On joining the Company, every Eberspächer employee is given an introduction to the topic of compliance by the relevant HR department and their immediate supervisor. In addition, employees complete an e-learning course on the topic of "Basic Compliance," which includes an obligatory final test. Eberspächer also offers other, advanced e-learning courses, in particular on the topics of cartel / competition law and prevention of corruption.

The Eberspächer Group has set up a worldwide Compliance Organization to support its employees. This coordinates all of our compliance activities and supports employees worldwide in managing compliance risks through information, advice, and training. It is a permanent point of contact for all issues in this connection.

Any employee can report breaches of regulations or the law to the Compliance Organization without suffering disadvantage as a result. Eberspächer treats compliance-related information in confidence. The identity of whistleblowers is protected within the framework of the law and is disclosed only with express consent.

Eberspächer expects its business partners worldwide to respect the principles set out in the Eberspächer Business Partner Code of Conduct, such as respecting human rights and the environment, the requirement of strict observance of the law, proscription of corruption and integrity in competition, and to act in accordance with them in their business activities. This happens through contractual obligation to comply with our Business Partner Code of Conduct or through evidence of a previously verified code of conduct of the business partner that covers the same principles.

4.4 Products and innovations

4.4.1 At a glance

		2019	2018	2017
R&D expenses	in € million	159.7	162.4	156.5
Capital expenditure*	in € million	149.2	86.8	103.2

Tab 4: Overview of capital expenditure and R&D expenses

* Without changes in the consolidated group

Optimized combustion engines and hybrid drives will play an important role in the mobility transition that is about to take place because they can support the emissions reduction even further. Eberspächer is pursuing various approaches, such as preheating the exhaust-gas flow. The catalytic converters in passenger cars only work optimally from approx. 280° C. At the start of a journey, the engine is cold and cools down the exhaust gases created during combustion, which makes optimal preparation and cleaning difficult. Through measures taken inside the engine alone, it is now possible to heat the catalytic converters of combustion engines up to the right temperature in around 25 seconds. With a Diesel engine, the cold-start phase is longer. Depending on the driving profile, the self-ignition takes three to four minutes until the active SCR system is ready for operation. This period can be reduced significantly by preheating the system. In hybrid vehicles, heating components will also be used in the future to bring the exhaust system up to temperature while the vehicle is being powered by the electric drive. Besides reducing emissions, there is also a focus on decreasing noise in road traffic. New, stricter acoustic legislation will come into force in Europe in 2024. The intelligently designed acoustic exhaust valves from the Exhaust Technology Division meet these requirements already today.

4.4.2 Short development times

In order to make our innovations available to a broad market as quickly as possible, at Eberspächer we rely ever more heavily on modern development and production methods. All the processes of the Company are becoming increasingly digitized. In the area of R&D, vPPD (virtual Product and Process Development), simultaneous engineering, and other virtual development and simulation methods are being used. Test procedures and cycles are increasingly being carried out virtually. Appropriate simulation and calculation software allows reliable tests without the use of real components. Entry into production

with real parts and components can take place later in the product creation cycle. This minimizes the use of resources for the production of prototypes and test series in a sustainable way.

4.4.3 Pushing forward with specific innovations

Pioneering products are not a matter of chance at Eberspächer, but the result of consistent innovation management. We make targeted investments in our development centers and drive forward with standards, processes, methods, and theoretical research.

The main development activities in the Exhaust Technology Division take place at three sites: Esslingen (Germany), Novi (USA), and Shanghai (China). The Climate Control Systems Division primarily researches and develops new products at the main sites of the individual product groups. For example, the development teams for the Fuel Operated Heaters and Special Markets Business Units are based in Esslingen (Germany), while the development capacities for Electrical Heaters can be found in Herxheim and Hermsdorf (both in Germany). Renningen (Germany) is home to the competence center for Eberspächer's Bus & Coach Business Unit. Development in the Automotive Controls Division takes place in particular at the German sites in Esslingen and Landau, and at the Canadian site in Concord. Extensive investment was made in Canada in 2019 for further competence development.

4.4.4 Opening up new areas of business

In addition to our core business and further development of the Business Units, we have set ourselves the objective of building up new areas of business. The Next Shed by Eberspächer organizational unit based in Esslingen acts as, on the one hand, an incubator. It collects and validates ideas from internal and external project teams and provides support as a coach and mentor for developing the ideas into a scalable business model and making them ready for market. On the other hand, Next Shed operates as a strategic partner or investor for innovative companies and startups with promising ideas and products. Defined search fields, such as "Autonomous Systems" and "Heating and Cooling", help to focus the activities of Next Shed and still provide a certain leeway.



4.5 Supply chain

4.5.1 At a glance

Integrity, compliance with the law, and responsibility toward people and the environment are the guiding principles for entrepreneurial activity at Eberspächer. In this context, Eberspächer is guided by worldwide standards, in particular the United Nations Global Compact, the UN-Guidelines on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. We pass on this requirement to our business partners along the supply chain in the same way. We expect them to comply with the principles in the context of their entrepreneurial activities, which are communicated in our Business Partner Code of Conduct. Through close collaboration with our suppliers, we ensure that they comply with the principles anchored in the Business Partner Code of Conduct. We check this in regular supplier audits.

4.5.2 Conflict minerals

Eberspächer undertakes to conduct its business throughout the world in compliance with the principles of human rights and in accordance with all applicable legislation, as specified in our Business Partner Code of Conduct. In the context of this commitment, Eberspächer supports responsible procurement.

This applies, above all, to avoiding support for conflict minerals from the Democratic Republic of Congo (DRC) and neighboring countries. Profit from mining, trading in, and selling the minerals tin, tantalum, tungsten, and gold can contribute directly or indirectly to financing and aiding armed groups. Moreover, mining in these countries is frequently harmful to the environment and breaches human rights. We follow the guidelines of the OECD* in order to meet our obligation of due care regarding responsible support for the minerals listed. Eberspächer also works closely with its suppliers to identify, reduce, and ultimately eliminate the use of conflict minerals in its products.

*https://www.bmwi.de/Redaktion/DE/Downloads/M-0/oecd-leitsaetze-fuer-die-erfuellung-der-sorgfaltspflicht.pdf?__blob=publicationFile&v=5
(abgerufen am 02.06.2020)

4.6 Corporate Social Responsibility

4.6.1 At a glance

In addition to employee responsibility, Eberspächer is committed to its Corporate Social Responsibility as a family-owned company that operates throughout the world. For us, it is important that employees support social commitment. We therefore support them in making a contribution to their local communities throughout the world. We consider ourselves to be committed to improving the living conditions of people at our sites around the world. With this in mind, we place particular importance on local relationships in our corporate social responsibility activities. Commitments are reviewed on the basis of a group-wide Corporate Citizenship concept and a mandatory Company-wide donation and sponsoring guideline.

4.6.2 Corporate Citizenship „Helping Hands“

Eberspächer supports the voluntary positions of its employees with the 'Helping Hands' initiative. In 2018, a pilot project started in Esslingen, which provided employees with the opportunity to request financial aid for their social projects. This initiative took place on a global scale for the first time in 2019. More than 45 colleagues from 11 countries submitted a grant application for their voluntary work. This is proof of the great number of Dedicated People working for Eberspächer. The donation totaling EUR 10,000 was divided between 13 voluntary positions. By supporting voluntary positions, Eberspächer strengthens the corporate and social commitment of its employees.

4.6.3 Donations and sponsoring

Eberspächer supports social projects with donations and sponsoring activities. Our activities are based on a global guideline which stipulates the criteria and related internal processes. We support social and humanitarian projects as well as activities in the science, education, sport, art, and culture sectors. To meet the specific requirements in each region, the individual locations coordinate and implement the activities in their local areas.

The support for the Lamani elementary school in South Africa by the Eberspächer site in Port Elizabeth is an excellent example of local social commitment. The South African Eberspächer site came to the rescue when the school was about to close down in 2013 due to a lack of financial resources. We are supporting the school to this day. Up to now, classrooms have been renovated, a fully fitted library and computer center have been installed, and the roof and facade of the building have been maintained. Eberspächer continuously helps with purchasing school uniforms and provides grain each month to ensure that the children have a daily school meal. In 2019, Eberspächer gave more than 300 students a winter jacket. This year, the plant in South Africa also invited students to a site visit and gave an award for particularly good performance at school. This project is just one of many which the Eberspächer sites initiate around the world. Eberspächer is convinced that Corporate Citizenship initiatives such as this create an important link between the Company and society.



5. Note on reporting

This report informs stakeholders of the objectives, performance, and contributions of the Eberspächer Group in relation to the sustainability of its economic activities in 2019. The present report was created on the basis of the guidelines of the Global Reporting Initiative (GRI) - Core Option. No external audit was carried out or confirmation obtained.

The data and information presented were collected and consolidated in collaboration with the relevant departments. The figures presented are rounded.

In the interests of the flow of the text, we have used masculine forms, but these of course include persons of any gender.

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