MARELLI

Sustainability Report
2020

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Disclosure and Reporting

About This Report

Reporting Period and Scope

This document is the second edition of the Marelli Sustainability Report ("this Report"). This Report covers the period from 1 January 2020 to 31 December 2020 (the "reporting period") and encapsulates Marelli's ("Marelli", "We" or the "Company") sustainability achievements in the reporting period. In this Report, we present how Marelli managed key Environmental, Social and Governance (ESG) issues and our progress against material ESG issues and Sustainable Development Goals (SDGs).

Unless otherwise specified, the reporting scope of the environmental data includes Marelli sites with production activities ("manufacturing sites") that are significant, according to materiality criteria (based on information on the number of employees), and social and Human Resources data that covers all operations in Marelli ("reporting scope").

Looking at 2020 and Beyond

In 2020, COVID-19 presented an unprecedented situation that resulted in a significant impact on people and businesses around the world. Despite this challenging time, Marelli is devoted to continue expanding our position as a leading global Tier 1 independent automotive supplier. In 2020, we introduced the AMBITION 2024 strategy, strengthening our position as a global automotive supplier. In the meantime, we will continue to anchor sustainability across Marelli and advance further toward a sustainable and resilient business model.

Forward-Looking Statements

This report contains forward-looking statements. Please be aware that actual results may differ due to a variety of factors.

Publication Date: July 2021

For further information, contact us at
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CEO Statement

"2020 has been the ultimate demonstration of why it is important to build a sustainable business. Every aspect of our lives have been challenged during the last year. For Marelli, the number one focus has been to ensure the health and safety of employees, while also preserving business continuity and delivering for our customers and communities.

Like every business, our adaptability was tested to the extreme and I am immensely proud of and grateful to our 58,077 employees around the world who demonstrated their ability to respond to an ever-changing situation."

Beda Bolzenius, *President and CEO*

Responding to COVID-19

Collaboration is one of Marelli's key values and it has never been more evident in Marelli this year. Teams around the world have pulled together virtually to respond to the crisis. Our Safe & Healthy Restart policy introduced in May 2020 laid out global measures and guidelines to be introduced across all of Marelli's facilities. By consistently applying these measures, alongside local government and health authority recommendations, we were able to do our best to protect our people and give them confidence in a safe return to work.

During April and May global vehicle manufacturing came to a standstill. There were small exceptions, but volumes were extremely low. Like many others in our industry, we were able to secure funding from our shareholder and our banks to see us through the crisis. Access to this additional capital gave us the flexibility to withstand the extended market downturn and protect the long-term financial health of the business, allowing us to continue the execution of our strategy despite the extended impact of COVID-19. Prior to securing this funding we introduced multiple measures to react to the shutdowns, which helped us to protect our financial position and ensure business continuity.

AMBITION 2024

While 2020 was undoubtedly dominated by a single issue, it was also a year in which Marelli made good strategic progress. The launch of our first mid-term strategy as One Marelli, AMBITION 2024, outlines our clear direction. And despite the difficult backdrop, there has already been good progress made within each of our six growth levers.

AMBITION 2024 focuses on the transformation of Marelli to create a business that is built around strong customer relationships; focused on building and maintaining market leading positions within businesses where we have a right to win; has in place strong partnerships to provide access to knowledge, skills, technologies and expertise in new markets; the creation of clean, innovative and sustainable technologies; and invests in People and skills to ensure Marelli remains a company that our people are proud to work for.

Building Our Sustainability Roadmap

Underpinning these six growth levers is a commitment to grow sustainability, taking seriously our responsibility to the environment, the communities we serve and how we govern ourselves.

In 2020, as One Marelli, we set ourselves our first set of short-term environmental targets. These included reductions in total CO_2, and water, waste and energy within our operations by 2024.

In 2021, we will go further and will announce further targets towards achieving full operational carbon neutrality within a defined period. This will be a huge milestone for Marelli and enable us to meet the GHG Protocol Corporate Standards within Scope 1 and 2. In 2022, we aim to take this further again and will make clear our roadmap towards full carbon neutrality across full Scope 1, 2 and 3, enabling us to set a net zero target in line with GHG Protocol.

Not only will this allow us to better support our customers as they also transition towards a zero carbon future, but it will help us build stronger and more sustainable relationships with our customers and our supply chain. Our industry has one of the most complicated supply chains of any industry. COVID-19 and its continuing reverberations has shown us that a complete rethink of how we assess supply chain risk is needed. This is something the whole industry is looking a and Marelli is no different. Sustainability of our supply chains, both in terms of the environmental impact as well as the predictability and reliability of those suppliers, is a critical factor in protecting our business and delivering for customers during periods of great uncertainty.

Next Steps

While the vaccine is providing relief for many countries, our employees and their families based in some parts of the world, are still very much battling this virus. Already in 2021, we have provided support through donation and shipments of ventilators, oxygen concentrators, reallocation of our corporate and social responsibility funds towards on the ground COVID-19 recovery We will continue these efforts throughout 2021, supporting the COVID-19 recovery efforts.

In the coming year, I look forward to updating you further on Marelli's plans to achieve its net zero emissions targets, which is an important step forward for the new Marelli in doing our bit to tackle climate change and protect the environment.

Beda Bolzenius
President and CEO

About Marelli

Vision, Mission, Values, and Personality

Since January 2020, there has been a continued focus to increase the awareness and understanding of our Vision, Mission, Values, and Personality (VMVP) inside Marelli, defining "where we want to go" and "what we want to be". This has been led by the Marelli Co-Creation team, a team created to better integrate and engage our teams around the world.

Marelli's Vision reflects our shared ideals and aspirations, helps us set goals, and encourages all employees. With this perspective, we expect to innovate and transform the future of mobility by putting heart and soul into what we do and making the most of our passion for excellence through innovation for a safer, greener, and better-connected world. The Mission represents "what we offer" and "where we want to go." We want to be an indispensable ally for our customers, and, through our collaborative spirit, we will continuously push the boundaries of technology.

Our shared values: Innovation, Diversity, Collaboration, Sustainability, and Excellence (*Monozukuri*) are the foundation of Marelli's strong culture. Only by reflecting on the behavior of our Mission, Vision, and Values do we create our Personality, our way to be one team and one Company. We are diverse and multi-cultural but have a common goal: to do our best and put all our efforts into what we do; we want to create a harmonious workplace that inspires the best in people and that inspires us to go further. Our common VMVP are aimed to govern every single action that we take each day to further the development of Marelli as a global and competitive partner.

Throughout 2020, the Co-Creation team worked on actions to enhance the understanding of the VMVP content throughout Marelli. The team initiated local deployment events surrounding VMVP with the support of Co-Creation ambassadors who are appointed in each region. Feedback collated from the employee engagement sessions were reported to the management team and will be utilized to shape and develop the employee experience. The VMVP activities in 2020 were performed in two phases:

+ Phase 1 (January 2020) started with deploying VMVP posters, creation of narratives in 19 languages and visuals on VMVP globally, both physically and digitally, with the aim to raise awareness so that every employee knows and understands VMVP.

+ Phase 2 (August 2020 to December 2020) further enhanced employee understanding of VMVP. Part of this included launching a global video contest "What's your value?" on VMVP. There were 223 teams around the globe that took part in the contest with the aim to uncover real-life scenarios of how Marelli team members are exemplifying our core values in their professional lives. In addition to the video contest, we held over 36 roundtables in 15 countries and received over 490 employee participants. The roundtables were organized in a friendly atmosphere moderated by VMVP ambassadors, where employees were free to express what they think, experience, and feel about VMVP through open conversations.

Toward Our AMBITION 2024

Our aim is to build on our manufacturing excellence and technological innovation to compete and win in an increasingly complex market environment. AMBITION 2024 defines Marelli's vision and plan for the coming years. Through the AMBITION 2024 strategy, our goal is to expand our position as a leading global Tier 1 automotive supplier and become a true global champion. We have identified four strategic priorities to achieve this goal:

Developing Next-Generation Technologies and Best-in-Class Standardization

Building products for the mobility of today and tomorrow

Commitment to *Monozukuri*

Quality and excellence in all we do

Prioritizing Sustainability and Responsibility

Increased focus across the environmental, social, governance and financial dimensions

Increasing Efficiency and Cost Competitiveness

Preconditions for success

Our Six Levers for Success

Our strategy to achieve our goal is built around the six growth levers for success:

1 Customer Knowledge and Diversification

Building and sustaining long-term customer relationships, we are a strategic partner to our customers and aim to support them throughout the entire value creation process, from development and engineering over product launches to continuous, reliable product delivery.

2 Growth Through Partnerships

Joining forces with other market leaders is a core element of our growth strategy from financial, geographical and technology perspective. We will continue to work alongside our partners to bring to life our vision of using innovation and transformation to shape the future of mobility.

3 People and Culture

Without our people we are nothing. As we work to create a company that our team members can feel proud of, our focus for the coming years will be on diversifying and developing our talent base, attracting experts, and establishing new ways of working based on collaboration. Health and safety will continue to be a core value; it's our utmost priority that our employees return home from work healthy every day.

4 Transformation

Transformation is essential to make Marelli fit for the future, set it up for profitable growth in a highly complex industry and unlock the true value of the company. Our ongoing transformation process has already generated a great deal of new value, and we will continue to work hard on our excellence initiatives with regards to processes, finance and in the regions, to ensure we are in the best position to compete and succeed.

5 Innovation

Building on our strong capabilities and on cross-industry partnerships with technology leaders that will help us leap-frog towards next generation technologies, firmly focused around CASE—Connected, Autonomous, Shared, Electric mobility.

6 Focused Growth

To position Marelli and its businesses for future success, we aim to make smart investment decisions that are targeted toward what customers will need over the next decades as well as right now.

Supporting Our People, Customers, Suppliers, and Communities Through the Pandemic

COVID-19 has undoubtedly been the worst health crisis of a generation. It has had far-reaching global consequences, especially in terms of human loss. But COVID-19 has also brought our communities closer together and activated unexpected resources and acts of human kindness. Our people have shown resilience, creativity, and optimism in collaborating with colleagues and communities.

Protecting the Health and Well-Being of Our Employees

The priority for Marelli is to ensure the health and safety of employees. Consequently, the Marelli Environment Health and Safety team was immediately committed to the creation and roll out of the new health and safety standards aimed at battling the spread of COVID-19, in line with the governments' and health authorities' recommendations. We first defined safety COVID-19 essential requirements and assured they were properly managed at all global Marelli sites. Other immediate measures include the introduction of smart working where applicable, increased communications around health, safety and hygiene, sanitization of our plants and offices as well as travel restrictions.

The Company understands the importance of ongoing communication with employees to share news and information, spread commitment and hope, and provide support and reassurance. Through this, we collectively built a resilient attitude that represents what we call the "Marelli spirit". In 2020, our CEO's weekly message became an important global update on the situation. Furthermore, a series of specific messages were sent to all employees to share advice on how to protect themselves and their families from the virus, overcome stress, cope with misinformation, and manage work schedules with children at home.

Crisis Management Through Marelli COVID-19 Committees

Marelli COVID-19 Committees were crucial in ensuring the effective implementation of prevention measures. Committees were established in February 2020 at a central and regional/ country level. Committees were cross-functional, including Human Resources, Industrial Relations, Industrial Security, Environmental, Health, and Safety, and Communications.

Central COVID-19 Committee

Implementation of measures to protect employee health in alignment with WHO recommendations

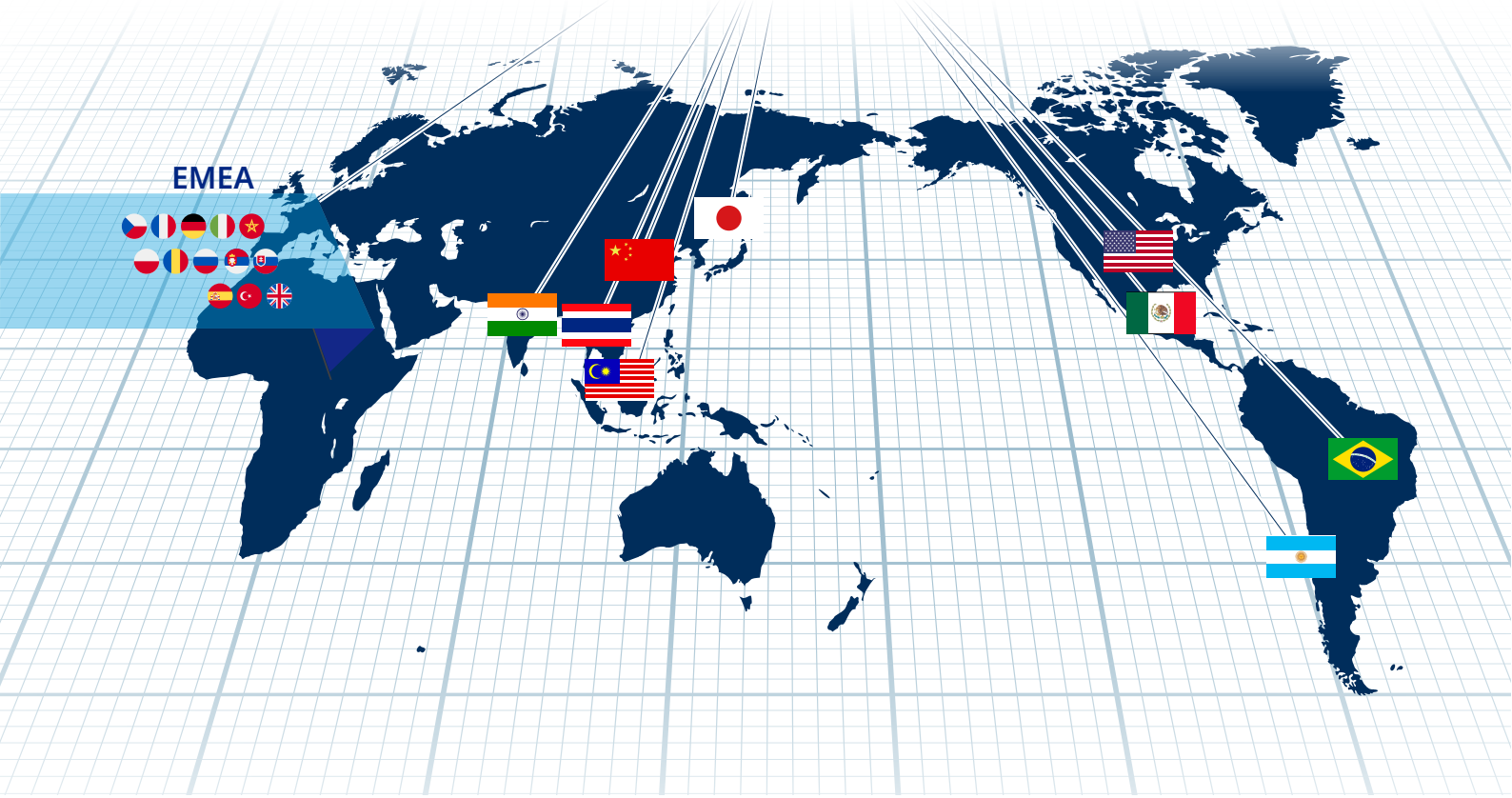
Establishment of global COVID-19 procedures

Communication with employees and relevant authorities

Regional/Country COVID-19 Committees

Monitor local regulations and align with global procedures

Communicate best practices



Ensuring Business Continuity and Meeting Customer Needs

The automotive industry has been hit hard by the COVID-19 crisis. In early 2020, due to the increasing severity of the situation, many of our customers took the difficult decision to suspend production. To protect our own workforce and respond to the acceleration of government lockdowns, Marelli also temporarily suspended production activities at the majority of plants. Like the rest of the industry, the resulting impact on volume and revenue was significant and in May 2020, the company secured additional capital in the form of equity and debt from our shareholders and banks. This gave the company greater long-term security and flexibility in the event of an extended market downturn.

Several measures were taken to protect business continuity and ensure we continued to meet customer requirements, including daily global cross-functional meetings to monitor cash generation, supply chain, customer shut-downs and restarts, accounts receivable and owed, and government workforce support. These measures, combined with the support of our shareholders and banks, allowed us to withstand the adverse and temporary impact of COVID-19.

Working Safely and Remotely From Home: The “ICT” Response

Marelli’s program of remote working allows—where applicable—authorized personnel to carry out their duties away from the work site. This reduces the concentration of personnel in common areas of plants and ensures interpersonal safety distance is respected.

The Information and Communication Technology function of Marelli provided training to employees regarding remote connection and collaboration tools. Marelli increased the number of licenses for VPN (Virtual Private Network) software and invested in telepresence and communication technology, including distributing laptops to certain employees to replace fixed desktops. The Company developed a virtual desktop infrastructure for remote workers to use personal PCs and devices to connect safely to the Marelli network. These measures enabled our people to collaborate and work effectively even in difficult conditions. We are continuously working to improve the experience of remote working, always improving the tools for communication and collaboration and adding new functionalities.

Preparing for a Safe Restart

The restart began as soon as the situation allowed and by mid-June almost 100% of our plants were operating again.

To ensure a safe restart, seven new global health and safety COVID-19 procedures were introduced to guarantee on-site control and prevention. These include detailed procedures for cleaning and disinfection, provision and disposal of personal protective equipment (PPE) such as masks and glasses, availability of disinfectant dispensers at all premises, measuring temperatures of staff, and requirements for social distancing, in addition to local specific needs.

To prepare for the restart, Marelli continued discussions with employee representatives. In Italy, Marelli signed an agreement with national Trade Union organizations to apply best practice protective measures for employees to allow a safe return to productivity.

Our booklet, "Safe and Healthy Restart after COVID-19—Rules and Guidelines", outlines global measures to ensure a safe restart in line with recommendations of local governments and health authorities.

Posters and flyers were created to remind employees to follow guidelines. Good practices from each Business Unit or region were collected and shared as tools for further improvement.

Throughout the restart, we continued to stay closely aligned with customers on a plant-by-plant basis to ensure that reopening carefully followed their needs and specific requirements. Close focus was given to inventory management to ensure plants coordinated with the "center" and orders were aligned to expected volumes. The company also closely supported suppliers to ensure they were able to fulfill our orders and deliver for our customers as we restarted.

Safe and Healthy Restart After COVID-19 Rules and Guidelines

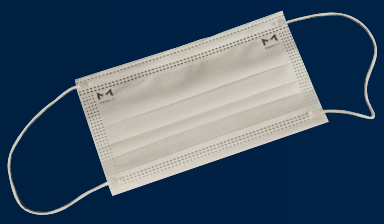
Ensuring Safety of Marelli Employees

Marelli teams implemented initiatives to protect the safety of our people around the world.

Italy

Producing Masks to Keep Our People Safe

Face masks are crucial to keeping our people safe. However, in Europe, the Middle East, and Africa, there was a shortage of masks. In response, our team in Tolmezzo, Italy began mass production of protective face masks in July 2020. With a daily production of 40,000 surgical masks using made-in-Italy fabric, Tolmezzo supplied enough masks to cover the demand of Marelli in the region.



China

Health & Safety Commitment at Marelli Plants

Marelli China implemented extensive on-site procedures for COVID-19 prevention measures. We recognize our team at the Hubei Xiaogan Automotive Lighting plant in particular for their outstanding commitment to safety and performance. This plant is located in an area that has been severely affected by COVID-19. The plant adopted new health and safety practices to keep workers safe at an early stage. In February 2020, research and development workers were supplied with computers to enable working from home, and in March, the plant received permission to restart from the local government. Despite the critical situation in the region, not one single employee in the Xiaogan plant was infected during the COVID-19 emergency. We commend our team in Hubei for executing excellence while protecting safety. The plant produced 54,000 lamps to guarantee customer delivery and set its best Labor Loss and Scrap record during production restart.

Supporting Communities Around the World During the COVID-19 Crisis

Marelli supported local communities around the world during the crisis to fulfil our responsibility as a good corporate citizen.

Japan

Utilizing Expertise for Communities

In Japan, a number of initiatives utilize our *Monozukuri* expertise, facilities, equipment, and skills. Marelli worked with Metran Co., Ltd. on mass production of easy-to-use, effective, and affordable emergency ventilators at our Kodama Plant. Our expertise in electronics and production capacity enabled us to support this critical project. We produced and delivered 1,000 ventilators and 10,000 patient kits to Bolivia, Vietnam, Mexico, Turkmenistan, and Japan.

Marelli also helped to meet the needs of personal protective equipment (PPE) by manufacturing face shields at our Yoshimi Plant using our manufacturing technology, production lines, 3D printers, and other equipment. We produced 3,000 face shields and donated them to frontline healthcare professionals in Japan. Moreover, a Marelli Japan employee developed a hands-free disinfectant stand, and eight were donated to local government offices.

In another initiative, Marelli created an infection prevention product with a cat motif called NEKO no TE. It was designed to help people avoid touching buttons, handles, or other items when out in public and works alongside the use of hand sanitizer. We outsourced the production to our suppliers in order to support some of their businesses that were affected by COVID-19.

Mexico

Donating Masks for Frontline Workers

The Marelli team in Juárez, Mexico, donated 60,000 bilayer face masks to the Regional General Hospital #66 of the Instituto Mexicano del Seguro Social (IMSS).

Slovakia

Supporting Health and Leisure During the Pandemic

MARELLI Run in the ZOO offered communities a chance for leisure time with the family during the pandemic. This event near Košice in Slovakia is now in its fourth year under the subvention of Marelli, and is part of the Charity Run Tour 2020 organized by the non-profit organization Active. Out of more than 400 runners, many were Marelli employees from our two production plants in Kechnec Industrial Park. Part of the profits from the event were given to the ZOO, which has been affected economically by the COVID-19 pandemic.

India

Contributing to COVID-19 Relief

Marelli India contributed to COVID-19 relief in Delhi, National Capital Regions (NCR), Uttar Pradesh, Haryana and Assam by donating dry food rations for more than 15,000 families through our NGO partners. Employees of Marelli India also donated money, which was used to distribute COVID-19 kits containing masks and sanitizers to Public Health personnel, school teachers, any many more.

Marelli at a Glance

Environment

15% ↓

REDUCTION IN TOTAL GHG EMISSIONS (LOCATION BASED) (VS 2019)[1]

13% ↓

REDUCTION IN TOTAL GHG EMISSIONS (MARKET BASED) (VS 2019)[1]

ISO 99%

OF MARELLI SITES ARE CERTIFIED ISO 14001:2015 (TARGET: 100% BY 2021)

91%

OF WASTE RECOVERED OUT OF WASTE GENERATED

46%

OF OUR ENERGY CONSUMPTION COMPLIANT TO ISO 50001:2018 (TARGET: AS REQUIRED BY CUSTOMERS)

[1]Total GHG emissions have been greatly impacted by COVID-19.

Social

15
CUSTOMER QUALITY AWARDS RECEIVED

ISO **47%**
OF MARELLI SITES ARE CERTIFIED ISO 45001:2018 (TARGET: 100% BY Q2 2023)

29% ↓
DECREASED IN THE RATE OF TOTAL LOST TIME INJURIES EMPLOYEES (VS 2019)

Corporate

58,077
TOTAL EMPLOYEES

1,266 billion JPY
TOTAL REVENUE (10.4 BILLION EUR) (121.8133 JPY/EUR)

170
PLANTS, R&D CENTERS AND APPLICATION CENTERS

Materiality Assessment

We value views from both our internal and external stakeholders to identify sustainability topics of greatest concern. This allows us to allocate the required resources to address the acknowledged risks and grasp further business opportunities. We firmly believe in the importance of hearing from our stakeholders, on their views of the sustainability challenges that society faces today, and the priorities that Marelli should take into account moving forward.

This materiality assessment also provided the necessary context to review the relative priority of various Environmental, Social and Governance (ESG) and financial issues that stakeholders perceive to be important, and to review risks and opportunities, enabling Marelli to be more agile in responding to challenges that lie ahead. Since there is no material change to our business operations, we adopted the same materiality process presented in our 2019 Sustainability Report and continue to report on the same topics for 2020.

Materiality Assessment Process

Step 1: Identification of Sustainability Topics

We have conducted a comprehensive review of sustainability issues and identified 17 material topics adopted from 2019 issues.

Step 2: Prioritization Based on Stakeholder Engagement

We have engaged with 6,500 employees and 19 major customers to gain insights into stakeholders' priorities among the identified material topics.

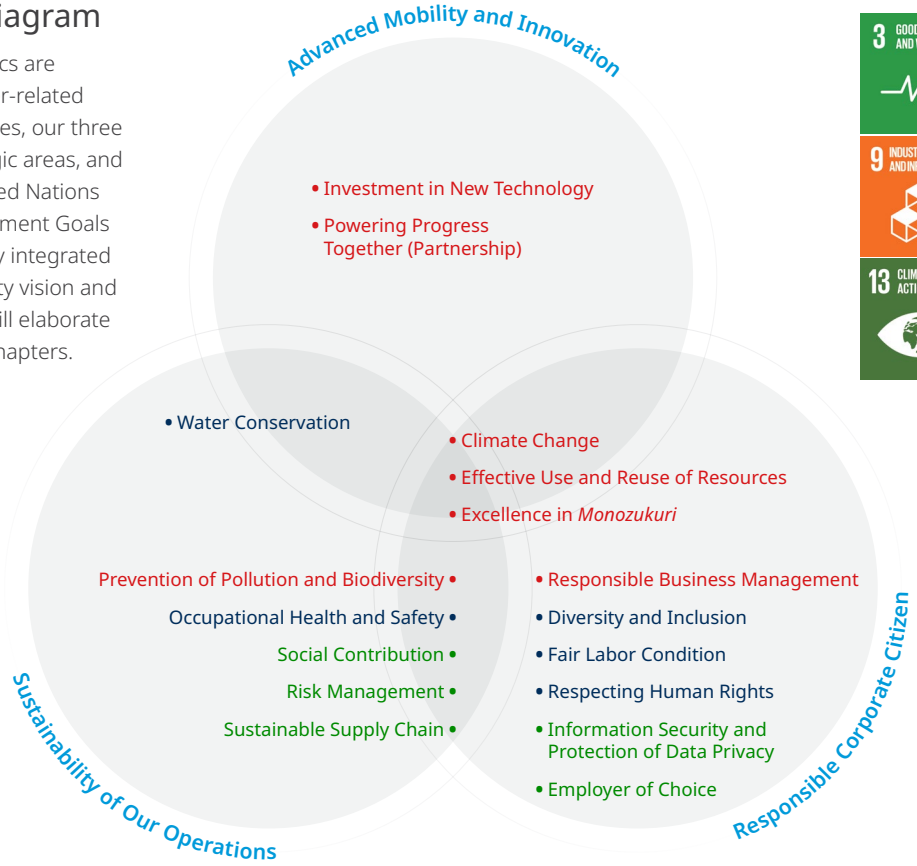
Step 3: Validation and Approval

Our materiality diagram was validated and approved by both the Board Member in charge of Sustainability and the CEO.

Materiality Diagram

Our 17 material topics are presented as an inter-related diagram with priorities, our three sustainability strategic areas, and relations to the United Nations Sustainable Development Goals (SDGs). They are fully integrated with our sustainability vision and mission, which we will elaborate in the subsequent chapters.

- **Top Priority**
- **High Priority**
- **Medium Priority**



Sustainability of Our Operations

Sustainability Management

As one of the world's leading independent suppliers of the automotive sector with 58,077 employees and 170 facilities and R&D centers across 24 countries in Asia, the Americas, Europe, and Africa, our mission at Marelli is to transform the future of mobility to create a safer, greener, and better-connected world. Marelli aims to foster a culture of prevention, pursuing strategies of sustainable development by continually improving its environmental, health and safety (EHS) for people and the environment throughout operations, products and services. To achieve this, we have committed to be environmentally and socially responsible by reducing our environmental impacts, ensuring the health and safety of our employees and contractors, and complying with all applicable regulatory requirements and international standards as stipulated in our EHS Policy.

Occupational Health and Safety

Marelli's vision for occupational health and safety is "zero injuries." We are committed to providing a healthy and safe working environment for all of our employees and contractors through trainings and awareness-raising initiatives. In 2020, we provided a total of 101,490 hours of training on health and safety for our employees.

Additionally, we have been collecting health and safety data in order to establish a safety baseline and target for our AMBITION 2024. In line with the environmental, health, safety and energy (EHS&E) roadmap for the integration process defined in 2019 and the AMBITION 2024, common Health and Safety (H&S) key performance indicators (KPIs) have been defined across Marelli and the Environment, Health & Safety data collection tool has been extended to all sites in 2020. The description of the common H&S KPIs and the description of data collection methods have been reported in the specific Marelli corporate procedure for H&S KPIs and data collection (approved by the Marelli Policy & Procedures Committee) in line with requirements of GRI standards. The standardization process of setting common KPIs across sites allowed Marelli to set the Corporate H&S targets.

Moreover, the business intelligence tool analyzes EHS performance trends with interactive features, such as a comparison across sites in a specific region. We have also introduced an Environmental Projects Monitoring (EPM) tool to monitor the environmental-related performance and calculate the potential environmental gains for each project, site, business unit and region. During 2020 Marelli finalized the transition process from BS OHSAS 18001:2007 to ISO 45011:2018 for all Marelli plants that were already BS OHSAS 18001: 2007 certified.

46%
OF OUR ENERGY CONSUMPTION COMPLIANT TO ISO 50001:2018

99%
OF OUR FACILITIES ISO 14001:2015 CERTIFIED

47%
OF OUR FACILITIES ISO 45001:2018 CERTIFIED

Sustainability Targets at Marelli

Reduction Targets According to AMBITION 2024

[1]Normalized KPI based on hours of production

[2]2020 as baseline

[3]2019 as baseline

Meeting International Standards

ISO 14001:2015

100%

OF FACILITIES[4] BY 2021

ISO 50001:2018

as required by customers

ISO 45001:2018

100%

OF FACILITIES[4] BY Q2 2023

[4]Facilities within the sustainability perimeter

"We aim to excel in waste management and minimize our wastes as far as practicable. Through our projects, we improved the efficiency of material use by reusing cooling emulsion and producing recycled raw materials for ironworks, which contributed to a significant decrease in waste generation and offered financial savings to our plant."

Aleksandra Romanowska, EHS Inspector, Bielsko Biala Plant (Poland)

Toward a Low Carbon Society

The next 10 years have been defined as the climate decade, given their crucial importance for achieving the global climate objectives. According to the International Panel on Climate Change (IPCC), global emissions need a 45% reduction by 2030 in order to avoid dangerous impacts from climate change. Recently, the European Commission has launched the Green Deal, with the ambitious plan to halve the greenhouse gas (GHG) emissions of Europe by 2030 and achieve climate neutral by 2050.

Energy and Emissions

As a global automotive supplier, we strive to play a leading role in the transition toward a low-carbon society, both by committing to reducing and improving the efficiency of our direct and indirect energy consumption, and by continuing to develop innovative products and processes that can improve vehicle efficiency, ultimately reducing the overall carbon footprint. In particular, we believe that through our investments in the electrification of vehicles, we have a concrete opportunity to contribute to and shape the future of green mobility.

In 2020, we continued to implement various energy and CO_2 emission reduction strategies at our production sites. By identifying where we can reduce our usage and emissions and applying the best energy-saving practices, we are continuously improving the performance of our operations. For example, at our Gunma Plant in Japan, where 30% of the total energy could be attributed to five furnace systems, we implemented 13 energy-saving solutions that resulted in a 19% decrease in total energy usage. As a target for 2021, we will be integrating similar solutions and other novel strategies at other production sites to further reduce our energy consumption as a Company and play our part in the transition to a low-carbon, and eventually, no-carbon society.

In 2020, our total energy consumption was 4,969,022 GJ, of which 79% resulted from indirect energy consumption, mainly electricity consumption and district heating, and the remaining 21% was from direct energy consumption (mainly natural gas and LPG consumption). During the year, 8% of the overall energy consumption, 418,341 GJ, was derived from renewable sources. The energy intensity (energy consumption/revenue) is about 0.48 GJ per thousand Euro of revenue.

Climate Change Risks and Opportunities

Together with general risks and opportunities, we also analyze relevant risks and opportunities related to climate change to manage and prepare for them. The financial impact on procurement, manufacturing, or supply chain are estimated for prioritization.

The main risks identified relating to climate change are:

- Risks related to the changes in the regulatory framework of which the Company is subject to, potentially entailing costs in the event of failure to comply; and
- The physical risks posed by intense climatic phenomena such as torrential rain and flooding that can cause the interruption of plant operations or supply.

CDP DISCLOSURE INSIGHT ACTION

In 2020, we achieved a score of 'B' for both CDP Climate Change and Water Security.

Increasing attention to climate change issues by regulatory lawmakers is an opportunity for our Company to be a leader in reducing our global carbon footprint. Moving forward, a clear definition of our strategic mitigation and GHG offsets will commit Marelli to make the most of all opportunities from a technical and economical point of view.

Effective Use and Reuse of Resources

During 2020, we continued our efforts to improve the efficiency of our use and reuse of valuable resources. By implementing our waste reduction initiatives, we are engaging our entire Company, from plants to corporate offices to individual employees, to strive for greater sustainability every day and commit to our effective use of resources initiative.

In 2020, our Automotive Lighting Juarez plant in Mexico launched a smart project with the aim to reuse plastic pluriball (foam bags). More than 50 workstations have taken part in collecting and cleaning the foam bags before sending them back to the warehouse for their reuse. In addition to the economic benefits, these actions resulted in an annual reduction of 120 tonnes of waste generation. Other projects to reduce waste have been done in the Green Technology Systems Santpedor site (in Spain) and in Ride Dynamics Bielsko Biala site (in Poland). In collaboration with the supplier of raw material, the Santpedor site replaced cardboard packaging with returnable ones, reducing waste generated by 10 tonnes per year. Additionally, the Bielsko Biala site started a project to reuse wooden packaging internally, reducing waste generated by 57 tonnes per year.

Water Conservation

Marelli has a global presence in countries throughout Asia, the Americas, Europe and Africa, including regions that are experiencing water stress. Therefore, we have a strong desire and commitment to conserve our water resources and reduce our overall water consumption. Marelli has been actively reusing and recycling water back into the production process.

Our plant in Tolmezzo recently initiated the "Greenbox Project," which will significantly reduce the annual water usage at the plant by improving the water efficiency of the cooling system. Specifically, we have installed an osmosis system in order to recover water lost to evaporation, reducing the overall water withdrawal.

The total amount of water withdrawn in 2020 was 2,616,917 m^3, mainly provided by third party water utilities (about 72%). In the same period, the water recycling rate was 92%. The water recycling rate is calculated based on the ratio of total water recycled and water reused over total water requirement, in which water requirement refers to the total sum of water withdrawn, recycled, and reused.

Prevention of Pollution and Commitment to Biodiversity

At Marelli, environmental and social responsibility is embedded in every aspect of our operations, with controls implemented to monitor our day-to-day performance. As a Company, we strive to go beyond local legal and regulatory compliance. We make every effort to meet the most stringent international practices to avoid potential significant impacts on the environment and consequently, impacts on our communities.

Hazardous and Non-Hazardous Waste

Reducing our waste footprint is crucial not only for a greener world, but also for a safer world for our communities. The reduction of both hazardous and non-hazardous waste, for example by diverting waste from landfills, is a goal that we are working toward by improving our daily operations. As a part of "Zero Waste to Landfill" initiative, our automotive lighting site in Pulaski pledged to achieve zero waste to landfill starting from July 2020 by sending its previously landfilled waste to an incinerator with an energy recovery system, greatly reducing the waste to landfill.

This year, we produced a total of 80,366 tonnes of non-hazardous and hazardous waste, of which 91% was reused, recycled, composted, or recovered; 1% was incinerated; 3.7% was sent to a landfill; and the remaining was disposed of by other methods, such as treatment.

TOTAL WASTE GENERATED

80,366 tonnes

TREATMENT METHOD

91% was reused, recycled, composted

Biodiversity Commitment

Marelli is committed to the protection and restoration of regional biodiversity, one of our planet's most valuable resources. During 2020, we were active in various biodiversity conservation and restoration projects, such as our adopt-a-camellón initiative in Aguascalientes, Mexico. Through this project, we were engaged in the restoration and protection of important tree species in a local camellón, which is an agricultural ecosystem that is historically unique to the region.

Excellence in *Monozukuri*

Integration of *Monozukuri*

In 2019, we introduced our new Marelli Quality Policy based on the Japanese ideology of *Monozukuri*, a term that refers to the excellence in product, process, and quality. Now, a year after its inception, we are further integrating this policy into our operations and are steadily improving toward our vision of "realize zero defects to satisfy customers."

Our vision of Zero Defects is fully executed through AMBITION 2024. Zero Defects includes not only product quality but also process design, product design, supply chain control logistics management, maintenance, safety and environment management. We aim to achieve Zero Defects through structured actions guided by three pillars, namely Standard Development, Standard Implementation and Standard Improvements.

Biodiversity Case Study

The Green Classroom Project in Germany

Marelli Automotive Lighting Brotterode (Germany) joined 60 other companies in Austria and Sweden, including banks, energy suppliers and schools, to lead an initiative in the reclamation and re-planting of endangered fruit trees in the region. Since its inception in 2017, this project, led by the city of Brotterode, has contributed to regional biodiversity by planting 20 different species of native fruit trees, establishing 200 m^2 of flower strips for honeybees, and building the largest insect hotel in the region. In 2020, the project incorporated education as a point of emphasis, and this education initiative dubbed the "Green Classroom," (Grünes Klassenzimmer) has provided educational seminars focused on biology and conservation to schoolchildren of all grade levels.

Message From Executive Vice President

Dear stakeholders,

One of the aspects of 2020 which we should all be proud is our workers' collective response to this pandemic.

Throughout the year, our priority was to protect the health and safety of employees while preserving business continuity and delivering for our customers. Given that at one point, a vast majority of our plants were in shutdown and our people on furlough, the focus had to be on how to ensure a healthy and safe restart of our operations. The immediate redesign by the Central COVID Committee of our global health and safety procedures made sure that all of our 170 locations around the world were armed with consistent best practice information. These were not guidelines, these were mandatory principles to be applied in line with local rules and restrictions.

Although this pandemic was a real tough obstacle to be faced, on the other side it was also an "accelerator" in bringing out the true Marelli spirit.

The "Marelli spirit" has been present in every single employee this year, despite the very difficult challenges. It was, and still is, the real factor that enabled us to limit the impact of the pandemic to the minimum possible extent. The community spirit among employees has also been very important.

Team around the world allocated time and resource to helping and protecting people and communities. This included the production of more than 1 million masks by the teams in Italy; 3,000 face shields made by our employees at the Yoshimi Plant, Japan; our work with the ventilator company, Metran Co., Ltd. to produce 1,000 emergency ventilators and 10,000 patient kits at the Kodama Plant, Japan; Marelli Cabin Comfort plant in Barcelona, Spain produced face protectors using 3D technology to assist local hospitals and essential service providers; Automotive Lighting in Reutlingen, Germany, used our selective laser sintering machine to produce adjustable mask frames that were used internally and donated to the crisis response to help front line workers. All this, and much, much more.

Hiroyuki Ishikawa
Executive Vice President
Chief Quality Officer (CQO)
& Head of Manufacturing

Introducing Marelli Manufacturing System for *Monozukuri* Standardization

As a manufacturing business, our manufacturing system is core to developing shared objectives and culture and helps each of the 170 production bases globally to achieve the best performance as one team. Before the integration each corporation had its own manufacturing system, enabling each employee to make improvements to the manufacturing level, namely Calsonic Kansei Production System (CKPS) and Magneti Marelli's World Class Manufacturing (WCM).

Each of these systems had relative strengths, with CKPS having a strong focus on basic conditions management and adherence to standards, and WCM is strongly focused on structured loss reduction though prioritization and focused *kaizen* (referred as continuous improvement). We are very pleased to have launched our new integrated manufacturing system to support Marelli across the world. Marelli Manufacturing System (MMS) brings together the best of both of these systems. In 2020, we applied MMS to the shop floor control and evaluation methodology.

Looking forward, we are planning to expand the diagnosis and improvement activity across countries and business units. MMS builds on the strong manufacturing history of both corporations by combining our strengths through one system based on:

- Creating standards for all activities;
- Applying standards rigorously in daily activity, and;
- Consistently seeking to improve our standards, through opportunity identification and *kaizen* activity, and sharing of best practice.

Marelli strives to provide competitive products to satisfy customers' needs by raising the level of our manufacturing operations and refining our core technologies. This involves making permanent improvements in quality, cost and time (QCT) while ensuring safety and reducing our impact on the environment. Our mission is to perpetually follow this activity with a strong sense of purpose as if on an endless journey. Through these activities, we will develop our people, expand our business and contribute to the industry and the wider community.

Commitment to Quality

In order to share our Quality Vision with our colleagues working in all regions and plants, we have developed a "Quality Mindset" handbook and distributed it to all employees. This handbook is available in 24 languages and in 25 countries to facilitate communication and implementation.

Production Efficiency and Operational Performance

In 2020, we implemented a cost-and-usage standardization initiative, with an emphasis on innovative technology and synergy across all regions and business units. Through these initiatives, we reduced our indirect purchasing by approximately 100 million yen. To further improve operational performance, a Plan-Do-Check-Act (PDCA) system was incorporated to mitigate the loss of scrap and labor costs, achieving a 20% reduction over the planned target. Furthermore, we have evaluated cost performance using cost per hour as a KPI to measure the effectiveness of our productivity improvement activities. In 2020, our cost per hour (CpH) has improved by 2.9% compared to 2019, exceeding the assigned target of 1.74%.

We will continue to improve our productivity as we strive to integrate our Quality Vision across all business units.

NUMBER OF CUSTOMER QUALITY AWARDS RECEIVED

15 awards

Q-Forum

As part of our quality awareness-raising activities, we hold a "Q-Forum" once a year among our employees in Japan. Through exhibits on the prevention of quality defect recurrence, displays of actual defective products, presentation of *kaizen* examples, and supplier quality seminars, this Q-Forum gives all participants the opportunity to reflect on their own awareness and actions regarding quality and make new discoveries. In this way, the participants can raise their awareness of quality and the quality of their own actions, leading to improvements in quality.

QC Circle Championship

We conduct "QC Circle" (Quality Control Circle) activities all over the world to promote quality improvement activities. This QC Circle Championship is held annually at our Head Office in Saitama, but the 2020 event was cancelled due to the impact of COVID-19. However, in order to present the previous results and continue to promote friendly competition among regions, we plan to film the activities of the first and second place winners from the 2019 Japan Regional Championship and share them with the entire Company. This initiative was originally scheduled in 2020, but postponed due to the pandemic.

Also in 2021, we will expand the scope of our activities to all locations, even those where QC circle activities have not been widely adopted. If the COVID-19 pandemic continues to affect us, we will remain focused on making our activities more global by allowing remote participation.

Quality Recognized by Our Customers

Delivering high quality products and services to our customers is always at the heart of our daily activities. Every year, we receive numerous quality awards from customers around the world. In 2020, we were given 15 quality awards from 13 customers. This is the result of accumulating quality step-by-step through manufacturing and is proof of our customers' trust. We will continue our activities to steadily build up quality, satisfy our customers, and earn our customers' trust.

"As we faced the challenges posed by the COVID-19 pandemic, various health and safety protocols were put in place, including practicing social distancing measures. During this time, we worked closely with our customers to understand their production plans and to ensure we were prepared to support them. This level of close communication was key to ensuring that we could meet the needs of our customers."

Tracey Hoover, Director of Manufacturing for Thermal Solutions (United States)

Advanced Mobility and Innovation

Technology Vision of Mobility Megatrends

There is no doubt that the automotive industry is in the midst of a transition, which is guided by the mobility megatrends of C.A.S.E.: Connected, Autonomous, Shared, and Electric. Nevertheless, in 2020 the COVID-19 pandemic impacted not just global automotive sales volumes, but also changed the relative emphasis on the four megatrends. With governments across the globe reinforcing their commitments to zero carbon targets and launching massive funding initiatives to help economies recover, the drive toward the adoption of electric vehicles (EVs) accelerated. It is expected that sales of EVs will overtake those of non-electric vehicles ten years earlier than predicted before the pandemic. Such an acceleration has had the effect of diverting investment away from the development of autonomous vehicles, where the technological challenges are harder and the market scenarios more uncertain. But among these trends the forecast for ride-hailing shared ("S" of CASE) vehicles has ticked up as the pandemic triggered an aversion to mass transit. The "C" of CASE has seen a slowdown too as a delayed investment in 5G infrastructure reduces the pressure on carmakers to deploy connected car services.

The role of automotive suppliers will change in the years ahead and auto makers will look to source not just components, but integrated systems. Marelli's response to C.A.S.E. is founded on six distinct technology domains which underpin our systems and products, and is strengthened by our strategic partnerships.

Our Six Technology Domains

Marelli offers innovative products within six technology domains that characterize major themes in the automotive arena. Here are some examples within those domains:

Connected System

V2X Communication: Offer V2X (Vehicle to Anything) solutions enabling cars to be constantly connected to other devices as the 5G mobile telecoms rollout more bandwidth.

Software Portability and Cybersecurity: In this "Internet of Cars" where functionality is defined by software, cybersecurity is an essential element of safety.

Autonomous Driving

Advanced Driver Assistance Systems (ADAS): Decrease costs and provide turnkey solutions with integrated sensing functions for fully autonomous vehicle control.

Enhanced Vehicle Motion Control Systems: Motion control in an autonomous vehicle is complex because occupants may be sleeping, reading, or using a screen and be less aware of the surroundings.

On-Board Experience

Tier 0.5 System Integration for Intelligent, Connected Interiors: Supply more connected products for the future world of Electric and Autonomous vehicles where car interiors are expected to change significantly.

Multi-User Solutions for Personal and Shared Vehicles: As users and movements will be diverse, provide flexible solutions to meet the needs of the future.

External Perception

360° Illumination and Sensing to "See and Be Seen": Meet the growing trend towards lateral illumination whether for stylistic purposes or messaging.

Intelligent, Efficient, and Tailored Solutions for Lighting, Style, and Sound: Marelli excels in combining advanced technologies with great styling and efficiency.

Electrification

Powertrain Systems: Produce an integrated and optimized package that combines the powertrain with a full thermal management system for e-drive, battery, and cabin interior.

Thermal Solutions for Total Energy Management: Marelli's diverse thermal systems portfolio provides a new way to improve energy efficiency.

Lean Propulsion and Dynamics

Support Original Equipment Manufacturers (OEMs) To Meet Emission Regulations: Emission regulations for Internal Combustion Engines (ICE) are becoming more stringent, even as ICE vehicles are being phased out.

Light-Weight Materials for Energy Efficient System: Help to reduce energy consumption and offset the weight of batteries. Select material designs that emit less CO_2 in production.

Creating Sustainable Solutions With Our Customers

In addition to the industry-specific megatrends, the concerns about Environmental, Social & Governance (ESG) factors have intensified during the COVID-19 pandemic. The shift is changing international norms, government policies, people's behaviors and social expectations. One of the eminent examples is the climate agenda where the international community is working to achieve the global goal of the Paris Agreement. The global demand for a low carbon society is increasing and many governments have announced carbon-related regulations in new car sales to be launched in the coming years.

Traffic safety remains a constant challenge for the auto industry. As vehicles become more connected, security measures are required in addition to unprecedented safety measures.

Advanced Mobility and Innovation Strategy

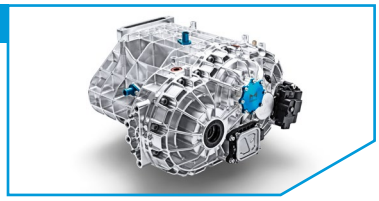
Our goal is to play a leading role in the development of advanced technology for the vehicles of tomorrow. We believe that sustainability and social responsibility are important value creators. We help our customers meet the changing needs of their customers with three strategic directions in our advanced mobility and innovation path.

Shift to Electrification

Marelli has a wide range of proven electric powertrain technologies which are evolving to provide integrated systems for the future of mobility. We have a wide range of products aimed to optimize electric powertrain technology, inverter, and thermal solutions, including battery cooling plates and cooling systems for the power distribution unit. With its capabilities, Marelli plays a key role in the electrification of mobility as a whole, helping to reduce CO_2 emissions and promoting energy efficiency and the effective use of resources.

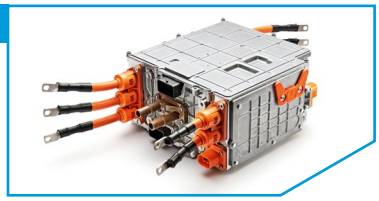
e-Axles

Better power management in lighter, smaller, and cost-effective solutions. Optimal cooling is crucial for minimizing energy usage and consequently reducing battery size. Marelli's specific thermal management expertise is playing a pivotal role in the development of dedicated and customized e-Axle solutions.



Inverter

The efficient conversion from DC power to three phase AC reduces energy loss and the Smart Dynamic e-Motor control optimizes the utilization and reuse of energy. The heat exchanger is designed to maximize performance and efficiency. Also, an innovative solution for the direct cooling of ceramic substrates with liquid coolant provides low mass and low thermal resistance.



"The new Cologne site is focused on the future. The existing infrastructure and installation of state of the art and energy efficient manufacturing facilities ensure a sustainable production of e-machines to reduce CO_2 emissions from road traffic. We are passionate about generating added value for our customer through our cooperative collaboration and our own high-quality standards."

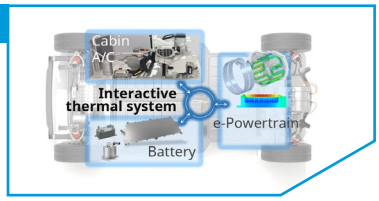
Stephan Ulner, Plant Director, Cologne Plant (Germany), Electric Powertrain

DC-DC Converter Evolution With SiC/GaN Technologies

The DC-DC converter generates low voltage (12V and 48V) power for the car's electrical systems from the high voltage hybrid power battery (900V). It contributes to the reduction in size and weight of the battery system, on top of improving the electric efficiency of the whole electric powertrain.

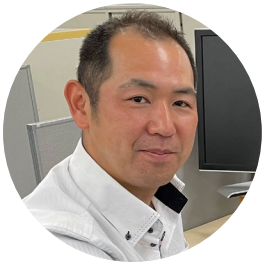
EV Thermal System (iTMS)

Though the number of electric vehicles are increasing, thermal energy is a large and expensive problem: a proper battery cooling system is necessary to avoid thermal runaways (fire), while a battery needs to be heated before charging in cold weather. Electric powertrains (EPT) need a cooling system and the cabin needs to be climatized, so Marelli has created what we call iTMS (innovative Thermal Management System) to provide a proper balance between supply and demand of heat by connecting EPT, cabin, and battery thermal loops.



Heat Energy Recovery System (HERS)

Marelli is preparing two systems that contribute to sustainable mobility by reducing CO_2 emissions using heat energy recovered from the exhaust gas. The first one recovers heat energy through a heat exchanger thanks to Marelli's EGR-cooling technology, enabling a 3–11% CO_2 reduction and improving the cabin heating performance. The other system, regardless of vehicle driving conditions, recovers heat energy whenever the engine is running and converts that energy into electricity, allowing a 4% CO_2 emission reduction.



"HERS combines technology from the exhaust and heat exchangers to create a thermal energy management system. Through this work I was able to consider how to benefit both the environment and our customers. My ambition is to continue developing innovative products that contribute to a low-carbon society."

Shiro Nakajima, Advanced Development, Green Technology Systems

Burner

Burner promotes earlier catalyst warming-up to meet further stringent emission reduction requirements, especially in a cold-start condition and when Hybrid-electric vehicles (HEVs) engine stops. HEVs require a higher frequency of engine stops to further reduce CO_2 emissions; this also causes a deterioration of catalyst performance. This system can achieve faster catalyst light-off by providing heat energy to an upstream catalytic converter.

Full Digital Cluster

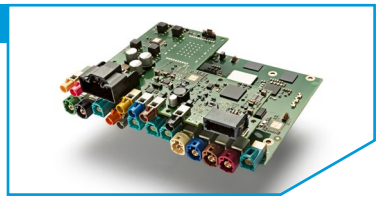
Marelli's Full Digital Clusters (12.3" or 10.25") and larger display with mixed digital/analog clusters in mass production has a significantly decreased number of components and provided benefits of easy disassembly and higher recyclability. From a driver's point of view, information is shown in a readable and immediate way by the Full Digital Cluster, making it easier to change driving habits by instantly verifying consumption levels during the trip and reacting accordingly.

Safety and Security

Marelli's product development plan is strongly influenced by the introduction of the maximum levels of safety and security. This is reflected in our portfolios of hardware, software and architecture solutions. All our systems contribute to the maximization of safety levels inside and outside the vehicle: from communication and visibility systems, to the optimization of vehicle dynamics, through state-of-the-art electronic components that underpin the latest ADAS solutions and HMI systems.

All our hardware- and software-defined systems, their related production systems and supply chain management are aligned to the latest cybersecurity regulations and standards to protect our customers and end-users against vulnerabilities.

Cockpit Domain Controller



The Cockpit Domain Controller consolidates traditionally separate Electronic Control Units (ECUs) into a single controller, and its architecture contributes to weight and space efficiency in today's automotive cockpit and copes with safety and security by enabling separate safety-critical features from infotainment and entertainment functions, keeping them always active. Cybersecurity is granted thanks to domain segregation, where the access and the exchange of data are secured from external entities.

h-Digi

Digital light of h-Digi® plays an important role for traffic safety with its immediate response feature. A light carpet projected on the road help the driver pass safely through very narrow lanes. With various informative graphics appearing just ahead of the car, the digital light draws the attention of the driver to a possibly critical situation on the road. A digital warning alert appears if the driver is about to drive against the traffic direction, ignore a red traffic light or stop sign, or if the driver gets too close to another car. It is proven that the safety features of h-Digi® can help prevent collisions and severe accidents and is a PACE award winning module.

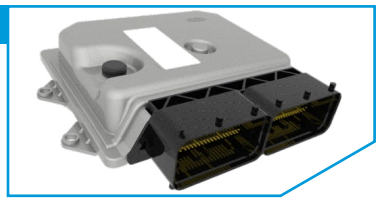
LiDAR

LiDAR (Light Detection and Ranging) sensors are critical enablers of advanced autonomy. Sensing technology of LiDAR contributes to reinforcing ADAS and enabling fully autonomous cars. LiDAR also supports driver assistance functions, such as traffic jam chauffeur, highway pilot, and urban pilot to help avoid collisions. Depending on the product's configurations, LiDAR sensors can support various applications that contribute significantly to traffic safety.

Telematic Box Module - Generation 2

The Telematic Box Modules (TBMs) provide the functionalities necessary to ensure a secure connection. TBMs also support and enhance safety and security. There are two types of calls; an ECall, where in the event of an accident the TBMs automatically initiate an emergency call; and a BCall which enables drivers to manually call Road Assistance when needed and automatically sends the vehicle's location. Among the others, TBM also grants the possibility to install other remote-controlled features such as: the Stolen Vehicles Recovery, to support tracking of a stolen vehicle; the Security Alert for remote vehicle monitoring; and the driver behavior monitoring, to monitor and keep track of the car users' behavior to enhance safety and security.

VDCM



VDCM is a multiple domain control module, for powertrain and vehicle dynamic control, and designed for multiple scalable architectures. The project has been developed according to the ISO26262 functional safety guidelines. The system is able to prevent and manage critical situations, coordinating in real time torque vectoring, the chassis attitude, powertrain, braking, steering and ADAS. Hardware and software on some of the I/O are conceived to reach the highest grade of automotive safety integrity level (ASIL D) applied to vehicle strategies. The microprocessor integrates the Hardware Security Module and the software implements the strategies of cybersecurity agreed with OEM.

Full Active Suspensions

The full active suspension is an intelligent system, designed in partnership with ClearMotion, in which shock absorbers are replaced by four smart Activalves that are mounted onto actuator bodies to enable high-bandwidth actuation. The system actively controls suspension motion by pushing and pulling the wheels against uneven surfaces to adapt to driving conditions in real-time. This minimizes car body movements providing improved comfort and increased handling performance by controlling heave, pitch, and roll. The system can be coupled with a road-mapping software, RoadMotion, that gives vehicles a "sixth sense" by crowd-sourcing road conditions and irregularities enabling predictive control to adapt to upcoming road events. Smart actuators allow the integration of safety dedicated features such as the pre-collision system, which prepares the car to receive an impact in the stiffer areas of the chassis.

Efficiency of Internal Combustion Engines

While the shift to electrification is the overarching trend in personal transport, the transition period will see increasingly strict regulations on internal combustion engines (ICE) and the demand for increasingly higher efficiency. Marelli has a wide portfolio of products and technologies aimed to optimize fuel economy and reduce exhaust emissions for today's ICE systems. These technologies are in high demand to help our customers meet recent climate-related regulations and support them in the transition toward full electrification.

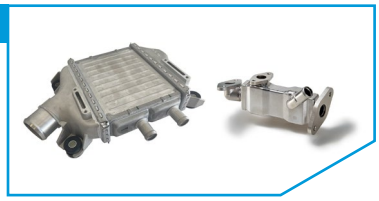
Injector With TJI Technology

Turbulent Jet Ignition technology allows optimization of the ignition system by pre-combusting just 5% of fuel injected into a pre-chamber, which then directs the pre-burnt gas into the main chamber where the remaining 95% is then ignited very efficiently. The difference compared to a conventional direct injection is that the charge is ignited no longer from a single point (created by the spark of the spark plug), but from multiple points, creating a faster and more homogeneous combustion. Furthermore, this process allows an increase in the compression ratio, compared to conventional direct injection, due to the maximum combustion control and a higher knock resistance. The improved combustion significantly reduces fuel consumption.

DCT TCU 11TDF

TCU (Transmission Control Unit) is the electronic unit that drives a generic automatic transmission. 11TDF is a TCU for a 6-Speed Dual Clutch Transmission, compliant with the lead-free regulation requirements and host high computation software that contains complex SW features for fuel economy optimization and hardware solutions for cybersecurity. TCU also reduces the CO_2 emissions generated by the internal combustion engine.

ICE Efficiency Improvement by Thermal Management Products



While electrification is promoted in order to comply with stricter regulations, the demand for higher ICE efficiency is also increasing. Marelli has developed an Exhaust Gas Recirculation Cooler (EGR/C) and Water Charged Air Cooler (WCAC) to improve ICE efficiency. These products guarantee high performance by adopting innovative technologies, such as a unique tube shape for WCAC and a specially designed fin (VG-Fin®) for EGR/C. Marelli will continue to develop the heat exchanger to improve ICE efficiency.

Powering Progress Together (Partnership)

Enhancing Strategic Partnerships

Marelli is promoting open innovation to efficiently develop in our technological domains. We build long-term partnerships with select market leaders enabling us greater access to new and innovative technologies. Our strength is the global network we have established, and we effectively use this network for technology scouting activities.

XenomatiX

XenomatiX
True solid state lidar

Marelli and XenomatiX, supplier of true solid-state LiDAR, partnered for a technical and commercial development in the autonomous driving field.

This partnership enables Marelli to offer modular LiDAR system solutions for Advanced Driver Assistance Systems (ADAS) and autonomous driving applications to our customers to meet future global automotive needs. Thanks to its distinctive features, the true solid state and multi-beam LiDAR modules developed by XenomatiX and Marelli's Automotive Lighting division will provide high reliability with different fields of view and ranges, crucial to enabling a variety of ADAS functions. Marelli will be able to embed object recognition and classification capabilities, from AI and rule-based algorithms, to support global customers on their journey toward making mobility safer and more convenient.

XenomatiX LiDAR is known for its high resolution, reliability, and durability. In contrast to most other LiDAR offerings, XenomatiX uses non-scanning LiDAR.

Transphorm

Marelli Motorsport, under direction from Marelli's Saitama, Japan headquarters, is running a development project based on the Transphorm 900V 50mΩ Gallium Nitride (GaN) transistor.

The GaN device will replace the 1200V Silicon Carbide (SiC) transistors which are currently used in a 2 kW insulated DC/DC converter on endurance race cars, where efficiency is key to success.

The Transphorm device is an enabler which permits the introduction of GaN technology in this application where it has an advantage over more traditional 800V converters. GaN technology has benefits in efficiency and size reduction thanks to the lower switching losses, while the higher switching rates allow the designer to reduce the size and mass of magnetic components (inductors).

Compared to similar GaN devices, the Transphorm transistor is significantly easier to introduce into a circuit designed for more established technologies as it requires a simpler driver stage.

Making Every Effort To Be the Best Partner for Our Customers

Marelli is always thrilled to be the best partner for our customers by offering solutions to meet their expectations. We are proud to be part of the major car launches in 2020 around the globe to drive sustainability through our technologies that contribute to safety, security, and the shift toward electrification.

Mercedes-Benz S-Class

The new S-Class, top-of-the-line Mercedes-Benz AG, mounted with our state-of-the-art PACE award winning h-Digi® lighting solution; a technology that enables the instant response feature of projected informative graphics onto the road in front of the vehicle in critical situations.

Fiat New 500

Fiat New 500 is the first fully electric car made in Italy by Fiat. Marelli's equipment in the new model includes the supply of both full-LED headlights and rear lights, HD infotainment display, and structural components of the suspension system of the vehicle, which is specifically designed to provide the best performance and comfort while minimizing energy consumption.

GAC AION's AION V

GAC AION's AION V features the first Marelli Cockpit Domain Controller application with hypervisor technology, which provides a unified experience that enhances driver comfort and access to information. The safety-critical features are separated from the other domains in order to be on at all times and the segregation of the domains ensures the security of the car network.

Responsible Corporate Citizen

Responsible Business Management

Being accountable and responsible for our actions is the basis of how Marelli runs its business. We strive to uphold our values and raise our standards through focusing on the creation of long-term value for all of our stakeholders, from our employees to communities at large.

As a global Company with a multinational workforce and operational presence, we are committed to providing a workplace and culture for people that support diversity, inclusion, and sustainability. We strive to create an environment where people can thrive, as this will be key to attract and retain a more diverse and multi-generational workforce and to share talent effectively across our integrated business.

The management of the relationships with our suppliers is a strategic factor for our business operations. The sustainable supply chain management process promotes the long-standing partnership and trust of our suppliers. In the meantime, we recognize the change in lifestyles and consumer choices that can lead them to make more sustainable decisions. We therefore actively consider to partner with suppliers who promote an efficient use of natural resources throughout the lifecycle of products and services.

Code of Conduct

The Marelli Code of Conduct represents our core values: Innovation, Diversity, Collaboration, Sustainability and Excellence. It is an essential part of our commitment to operating as an ethical and responsible global citizen and forms a major part of how we work and our global corporate culture.

It applies to all our stakeholders and offers a clear framework around how we interact with customers, suppliers, communities, governments, and employees. Global policies and procedures have been implemented to supplement the Code of Conduct, including the Marelli Ethics and Compliance Charter and Conflicts of Interest; Export, Import, and Antiboycott Laws; and Antitrust and Insider Trading Policies. Any violation to the content of the Code and policies and procedures may be subject to disciplinary actions.

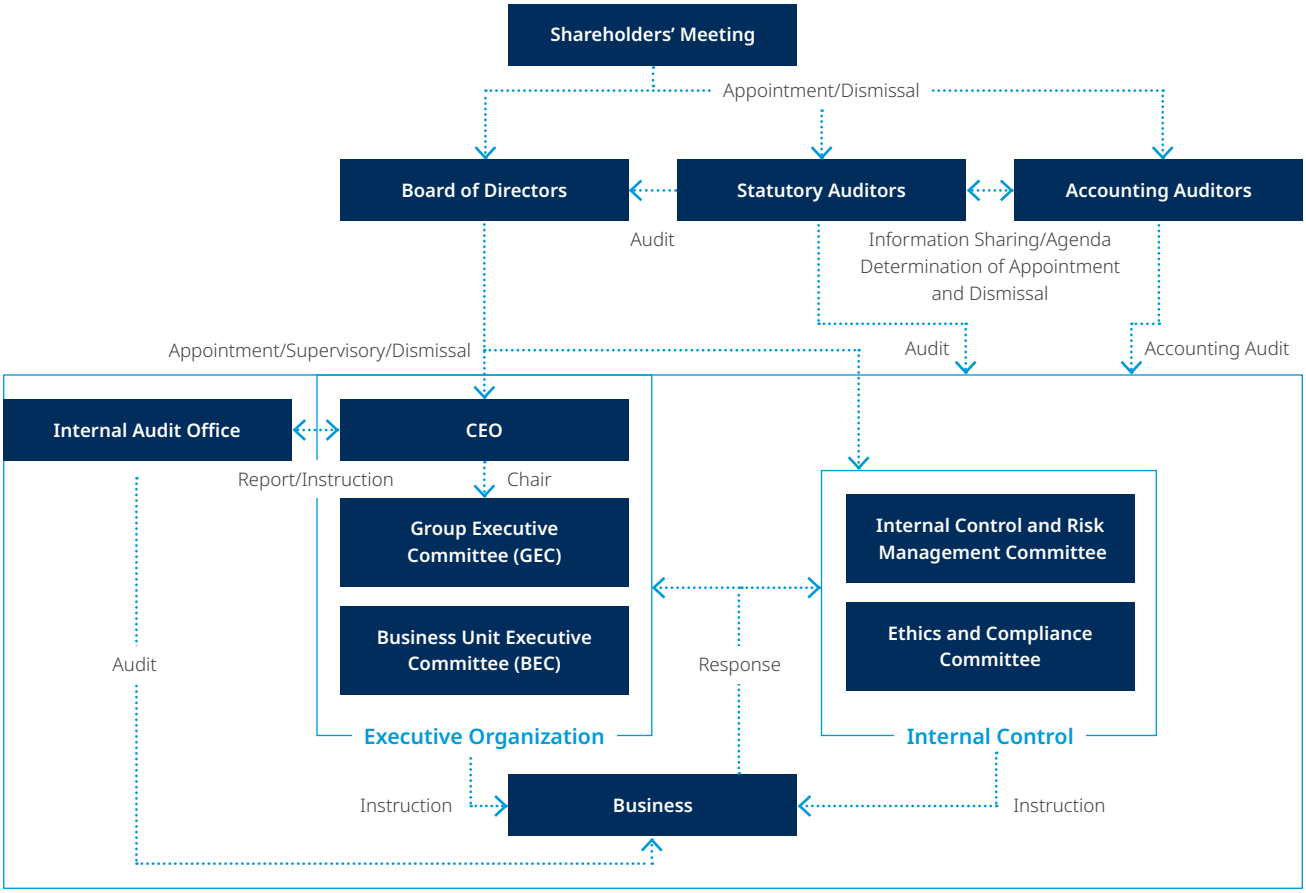
The Code of Conduct aims to ensure that all members of Marelli's workforce act with the highest level of integrity, comply with applicable laws and build a better future for our Company and the communities where we run our business. In 2020, we launched our first global employee training on the Code of Conduct throughout Marelli. Training sessions on the Code of Conduct were provided to all Marelli employees, along with a train the trainers session for investigators, a Manga style training material in Japanese and English and short two-minute YouTube videos on compliance topics. The Code of Conduct, available in 19 languages, reflects who we are as a Company and was established to be consistent with the Universal Declaration of Human Rights (UDHR) and the International Labor Organization (ILO). One of our employees that made an exceptional contribution, far above their responsibilities, received an award called "Above and Beyond Chief Compliance Officer."

Moreover, we have established an Integrity Hotline, which allows employees and third parties to report possible violations of the Code, Company policies or procedures, or laws and regulations. The channel is available 24/7 and in 19 local languages. This system fosters a culture of integrity and ethical decision-making, in alignment with our Company values.

Corporate Governance Structure

We are working to enhance our corporate governance to create a prosperous society through our business activities and to build excellent relationships with all our stakeholders. In 2020, we stipulated and rolled out the "Marelli Code of Conduct," "Compliance Charter," and other rules among the Marelli worldwide.

Since the integration of Marelli in May 2019, Marelli Holdings Co., Ltd. (MH) has been positioned as the Company's highest decision-making body. The Marelli Delegation of Authority (DOA) is a common decision-making tool that enhances the Company's transparent and efficient decision-making process. The auditors of MH and Marelli Corporation (MJ) work together to audit all business related to the Company's management. In addition, outside auditors conduct accounting audits where they verify the appropriateness and legal compliance of accounts and internal controls from an independent standpoint.



Respecting Human Rights

Marelli Code of Conduct stipulates that we will not tolerate any activity that creates an intimidating, discriminatory, demeaning, or offensive working environment. The Marelli Integrity Hotline allows anyone to report any misconduct related to discriminatory behaviors, treating the topics with the highest degree of confidentiality and no tolerance on retaliation. Additionally, 100% of our significant investment agreements and contracts included clauses on human rights or underwent screening for human rights. A company-wide Human Rights Policy will be introduced in 2021, in order to promote the respect of human rights, a non-negotiable fundamental value of Marelli culture and corporate strategy, and to manage and reduce the potential risks of violations thereof.

Engaging With Employee Organizations

We recognize and respect the right of our employees to be represented by trade unions or other representatives established in accordance with applicable local legislation. Marelli always seeks a constructive approach and relationship when engaging with these representatives. As of December 31, 2020, about 70%[1] of Marelli employees were covered by collective bargaining agreements. Of the employees not covered by such agreements, more than 95% benefit from conditions that are better than the minimum requirements by law.

[1]Survey conducted on 96.3% of Marelli's global headcount.

Marelli qualifies as a European community-scale group of undertakings and is therefore subject to regulations designed to ensure employees the right to information and consultation through the establishment of a European Works Council (EWC). At the end of 2019, we started the process of negotiations for the establishment of the Special Negotiating Body (SNB) in compliance with the Italian law transposing the Directive 2009/38/EC and the development is still ongoing.

Risk Management

Risk management creates and improves performance, encourages innovation, and supports the achievement of business and environmental, social, and governance (ESG) objectives. As part of the integration process in 2019, Marelli started to develop a Risk Management System that also integrates ESG risk management into business activities and functions, and is supported by governance structures and stakeholder collaboration. Going forward, we will continually optimize roles and responsibilities, create a unified Enterprise Risk Management platform, and translate the risks identified into meaningful sustainability activities. As is common in organizations like ours, the main ESG risk exposure is in our supply chain, where suppliers can potentially breach standards relating to environmental, human rights, and corruption. To manage this risk, Marelli implements questionnaires during supplier selection and performs regular supplier audits.

To avoid and minimize the risk of adverse events related to fire and natural hazards, Marelli has been implementing a loss prevention and business impact analysis as a foundation of our Business Continuity, adopting National Fire Protection Association standards (NFPA) applied to our worldwide locations, and strengthening our footprint resiliency.

Risk Management on Product Safety

Managing Product Risk and preserving the safety of people in the surrounding environment is of high importance for Marelli. The Legal and Compliance Technical Compliance and Regulatory Group manages and minimizes product liability risk and conducts technical investigations into compliance cases. This avoids potential violations of legal obligations related to homologation, product regulatory and safety requirements, and prevents any kind of internal fraud.

Marelli's Risk Management approach includes evaluation and management of customer functional safety requirements as well as relevant laws, regulations, and international standards for product development. Marelli products are developed using with the Functional Safety International Standard, Functional Safety Procedure, and Functional Safety Assessment procedure, in accordance with ISO 26262. Customer requirements are evaluated in order to mitigate risk of personal injury from hazards relating to malfunctioning of electrical and/or electronic products. These evaluations take place during weekly Safety Policy Committee meetings among Business Units with Technical Compliance & Regulatory and Legal Operations.

Information Security and Protection of Data Privacy

In 2020, Marelli's Information Security Team formed a new set of integrated Information Security policies. The new policies present Marelli's standard for data classification and handling of confidential data, as well as a set of Information Security rules which must be followed by every Marelli employee and third party.

In addition, our global Information Security function started to deploy global security processes. The processes included information security incident management through the establishment of our central Security Operation Center, which guarantees 24-hour security monitoring, incident detection and response based on Splunk technology. Through data logs and capability, and the deployment of a new Endpoint Detection and Response solution across all Marelli systems globally, the central Security Operation Center has an increased visibility over Marelli technical infrastructure and is able to promptly detect and respond to cybersecurity threats.

Cybersecurity on Products

At Marelli, strengthening the cybersecurity of our products is managed by the Working Group for Product Cybersecurity, jointly led by the Technical Compliance & Regulatory and Information & Communication Technology departments, with representatives of relevant Business Units, the Legal Department, Purchasing, Sales and Software Supplier Quality Assurance.

The goal of the Working Group is to develop a Global Marelli Policy for Product Cybersecurity by the end of 2021, which will be compliant with global standards, particularly the United Nations Economic Commission for Europe (UNECE) Regulation R155 on Cybersecurity and ISO 21434: Road vehicles— Cybersecurity engineering. We are further protecting data privacy by revising existing processes such as supplier management, change management and document management, to meet cybersecurity requirements under UNECE R155 and ISO 21434. The Working Group ensures our cybersecurity approach is aligned with the latest industry best practice, including emerging regulations out of the UNECE, such as best practice for vehicle cybersecurity.

Marelli is proud to report that there were zero reported complaints concerning breaches of customer privacy in 2020. We believe this is a reflection of each Marelli employee's individual commitment to cybersecurity, which was strengthened through education on security-related topics via the intranet portal, as well as training sessions including security lectures and cyber-attack response trainings.

Employer of Choice

In 2020, the journey toward the consolidation and integration of two companies and cultures has been a paramount priority for Marelli. Each employee is critical to the success of the recently merged company, and the focus for 2020 was on strengthening the integration and standardization of human capital management. We are striving to unite employees across all regions under the vision of One Marelli. In each region and country, within the HR department, employee welfare initiatives are managed and monitored according to the local legislation and the Company's vision.

Our Goals

- 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 outstanding performances
- 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 in our team members and business

Career Initiatives

In order to inspire our employees to strive for more, we promoted career initiatives such as our "Believe it, Achieve it" program in North America and a "Leader's Workshop" in Brazil, both of which provided our future leaders with the experience and training they need to thrive in our ever-evolving company. More details about these initiatives:

- **"Believe It, Achieve It":** Provided training for employees who are transitioning to a new role to prevent untrained internal movements, prevent turnover, and ensure an effective placement. In 2020, 31 employees completed this program, with an 85% pass rate.
- **"Leader's Workshop":** Provided training on how to lead effectively during unprecedented and challenging times.

Employee Training and Development

In June 2020, Marelli approved a new common and consistent Global Training Framework to further integrate employee training and development. The framework resulted from the extensive benchmarking efforts carried out throughout 2019 by the HR Team, to map and identify all the existing training best practices and policies already in place. The new Marelli Global Training Framework established the Training Pillars that build the foundation for fostering talent and personal development.

Technical trainings that are plant-specific and role-specific are a fundamental part of our training worldwide to ensure that our employees continue to hone their existing skills and learn new ones. In 2020, we rolled out various training programs, such as a technical knowledge transmission program in Slovakia and manager training for plant managers in Japan.

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 those talents 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

Employee Well-Being

The year 2020 has been marked by the pandemic outbreak, which has forced most companies to adapt quickly to the new challenges, finding new solutions and working arrangements. Several of our well-being initiatives and programs for our employees in 2020 have therefore been developed specifically to address the new way of working and mental health issues caused indirectly by the pandemic.

Italy and U.K.

Around 600 managers were involved in specific training for managers in a remote working environment to provide skills and nurture attitudes and behaviors, which allow them to work efficiently when remote but also to establish a trusting relationship with colleagues and peers.

China

The Employee Brisk Walking Contest encouraged everyone to exercise together and the 9,800,000 accumulated steps were converted into a 9,800 yuan donation to a public welfare fund.

Poland and Malaysia

Marelli Poland and Malaysia have made in-house doctors available for plant workers and recently launched a Health and Safety competition.

Romania

Marelli Romania issued a weekly newsletter with topics related to stress, anxiety, well-being and working remotely. Due to a positive response, they also started organizing online workshops on Stress Management in collaboration with The Happy Minds Association.

Brazil

Employees were enrolled in a wellness project focusing on emotional health: Sipatma. Through the Movimentese Project, Marelli Brazil promoted interaction, relaxation, and the creation of entertaining moments with colleagues.

Employee Benefits and Retention Initiatives

Benefits provide employees with a value that goes beyond their salary incentives and can make up a meaningful part of the total remuneration package. For this reason, 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 and country of employment and depend on local policy.

Marelli supports equitable choices for maternity, paternity and adoption benefits, which encourage employees to balance parental responsibilities with their careers. While labor law requirements may vary from country to country, parental leaves are provided to all employees to the extent required to comply with local regulations.

Italy

Employees can convert a portion of their pre-tax earnings into a spending account that can be used for a wide range of health, wellness, well-being, and education benefits and services.

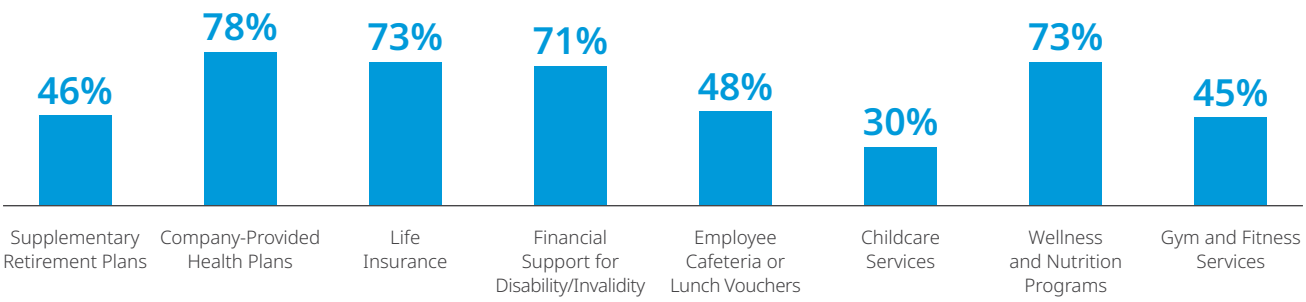
Thailand

Employees are entitled to health insurance, life insurance, and financial support for disability.

United States

We provide healthcare coverage, life insurance, a dental plan for employees and eligible dependents, voluntary and company sponsored disability coverage, and a 401k Retirement plan.

Marelli Employees Worldwide Eligible for Benefits



Diversity and Inclusion

Marelli is committed to providing a workplace that is free of discrimination and harassment. As our Code of Conduct states we do not tolerate any activity that creates an intimidating, discriminatory, demeaning, or offensive working environment. As a global Company, we recognize that our members come from a variety of different backgrounds. We celebrate this diverse workforce and make sure that everyone has an equal opportunity to succeed. We value diversity in all facets of an individual that makes them unique—be it gender, religion, culture, socio-economic status, physical abilities, or other forms of diversity.

During 2020, we launched our first global employee e-learning course about our Code of Conduct, offered in 19 languages to ensure that all of our employees understand and share our vision for diversity and inclusion.

We are working to embed diversity and inclusivity into our company culture through our recruitment process. In China, we have modified our recruitment ads and job postings to remove any barriers to inclusivity, such as questions addressing age, gender, religion, nationality, and marital status

Celebrating Diversity

Celebrating diversity in many forms:

+ International Women's Day celebrated in Russia, Slovakia, Brazil, China, and other countries
+ "The Art of Rangoli Kolam": Competition held in November and during the Chinese New Year in Malaysia to celebrate religious and cultural diversity
+ Joint initiative with Associação de Pais e Amigos de Excepcionais: Program in Brazil to assist people with intellectual or other disabilities to enter the job market
+ Prison Resocialization Project: Joint initiative with the Minas Gerais Prison Administration Secretariat in Brazil to fight social stigma against incarcerated people and assist incarcerated people in re-entering the job market
+ "16 Days of Activism against Gender-based Violence": Awareness event of gender-based violence held in Poland

Sustainable Supply Chain

We adopt a strategic approach to the management of our entire supply chain, from small local companies to large multinational organizations, establishing relationships that go beyond commercial transactions. Our vision for a sustainable supply chain is based on fostering long-lasting and mutually satisfying collaborations with qualified partners that share our principles.

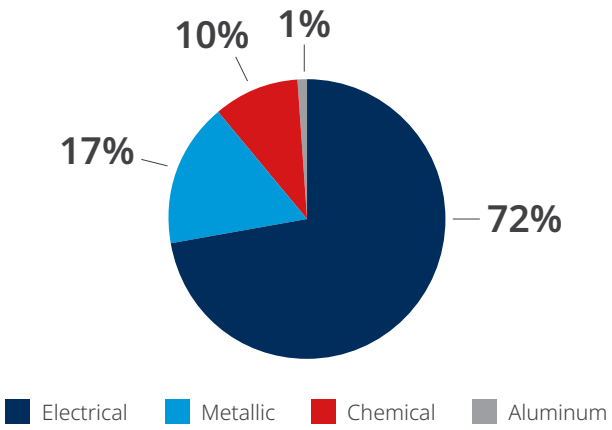
Our Values in Purchasing

+ **INNOVATION:** proactive initiative to challenge/anticipate the market expectations
+ **PEOPLE:** inspire the organization with responsibility and courage to change and develop a world-class international team
+ **DIVERSITY AS A STRENGTH:** enhance diversity and operate as one team
+ **SUSTAINABILITY**: business ethics, working conditions, human rights, and environmental attention
+ **ADDED VALUE CREATION:** speed and resolution on acting to meet or exceed customer requirements
+ **QUALITY:** only excellence is essential to success—what we do, we do well
+ **STRATEGY:** actions are taken with a long term perspective
+ **INTEGRITY:** be reliable, be transparent, be compliant

Supply Chain Management

In the latter half of 2020, we established a dedicated team to build our new supplier sustainability program. The aim of this program, extended to both direct and indirect suppliers, is to pursue the behavior of responsible and sustainable business during the supplier selection and spread the awareness and commitment of suppliers with the sustainability topics. The updated Sustainability Program will also include an integrated supplier sustainability questionnaire, which will be shared with our suppliers through a dedicated platform. We expect to roll out this program during 2021, which will enable us to secure a more sustainable supply chain. We also reinforce our supplier risk evaluation methodology with the adoption of a new platform that makes sure our supply chain is constantly monitored.

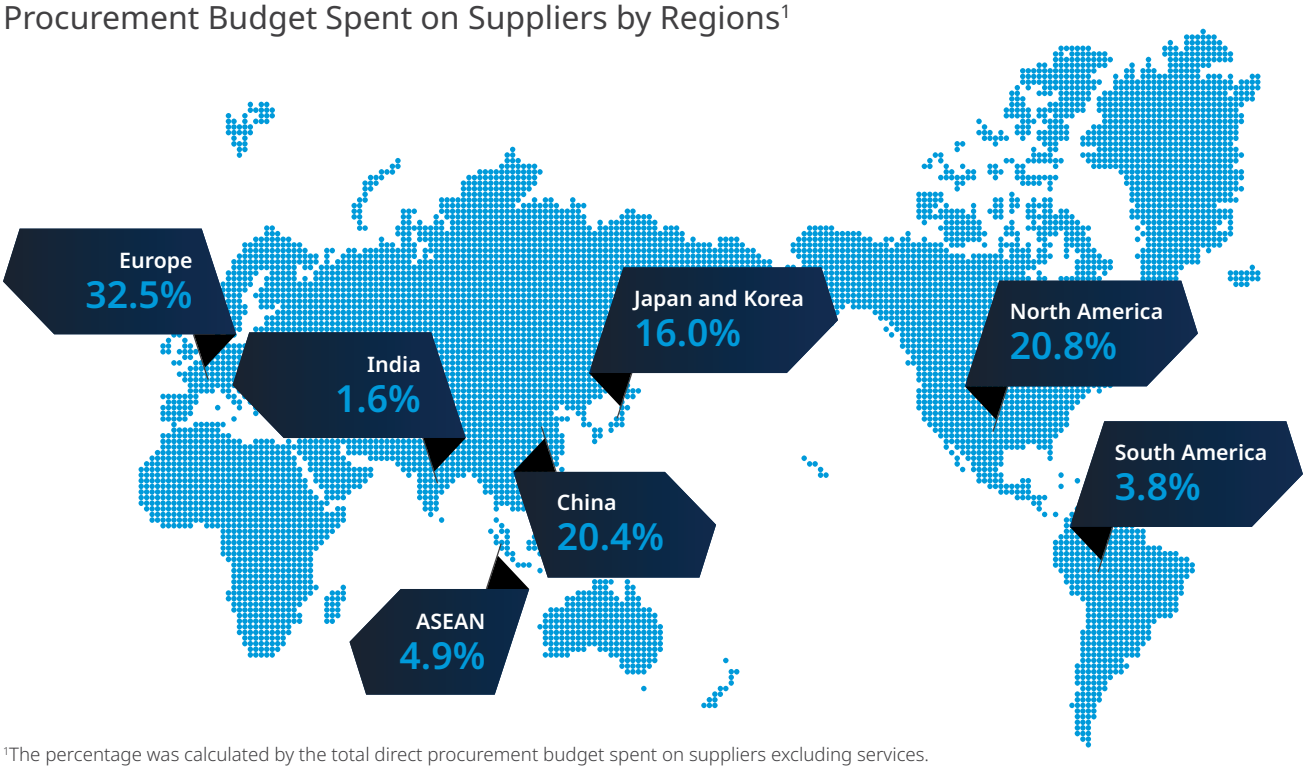
Distribution of Direct Materials Purchased by Commodity



"We use customer information as the base for all our plans and activities. The new Marelli Manufacturing System (MMS) and relevant standards will improve our supply chain globally. Due to changing needs during the COVID-19 pandemic, we have improved our customer visibility, ensuring the organization can react quickly to changing needs."

Joanne Munro, Senior Director, Material Demand & Standards, Global Manufacturing & Operations

Procurement Budget Spent on Suppliers by Regions[1]



[1]The percentage was calculated by the total direct procurement budget spent on suppliers excluding services.

JAPAN

Marelli Scholarships for Studying Abroad

The Marelli Next-Generation Scholarship, launched in 2017, is a scholarship program that supports the development of global talents who will contribute to future innovation and mobility through their overseas study experience. It provides two types of scholarship to students: a scholarship for a short-term overseas study experience (at least one month) and a scholarship for overseas study with the aim of obtaining an academic degree. In May 2020, our chairperson Hiroshi Moriya was awarded a Letter of Appreciation by Saitama Prefecture and the Saitama International Association for Marelli's contributions.

Social Contribution

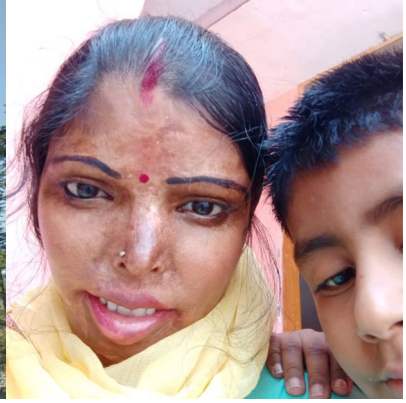
Social Initiatives and Activities

Marelli is fully committed to active involvement and development with local communities where our employees live and work. In our strategic implementation of social contribution activities, we constantly consider how we can leverage our capabilities and expertise to contribute to the development of both the community and automotive industry.

Local Community Activities

Our team in Lewisburg was active in various community events for holidays year-round. During Halloween, we set up a booth for the trunk-or-treat event and celebrated the holiday by giving out gifts and candy to the local children. Marelli employees came together during the winter to bring some holiday cheer to the community and give holiday gifts to seniors at a local nursing home.

UNITED STATES



INDIA

Reconstruction of School Block

Marelli India donated funds for the reconstruction of a government school building that was destroyed by landslides and heavy snow fall in Jaachh, Himachal Pradesh. This was supervised and implemented by our NGO partner SARD (Society for All Round Development).

Skill and Overall Development

Our support continued for the acid attack survivors through our NGO partner—Make Love Not Scars. This included Social and Economic rehabilitation of acid attack victims at its center in Delhi, providing healthcare and legal support to the survivors. More than 60 survivors have benefitted through this initiative who were taught candle and soap making skills.

MEXICO

Supporting Children With Neuromusculoskeletal Diseases

In December 2020, our employees in Aguascalientes, Mexico gathered donations of shoes, clothes, and toys for a total of 44 children through a local organization, Casa Hogar Villa de la Asunción. Marelli also contributed 2,500 USD to Centro de Rehabilitación Infantil Teletón, a local association that provides rehabilitation services to children and adolescents with neuromusculoskeletal diseases.

THAILAND

National Children's Day

In January 2020, Marelli Thailand celebrated National Children's Day with the local community by providing fun activities for the children on the day of the celebration. We also provided scholarships and special gifts for schoolchildren in order to nurture their self-esteem and inspire them to become the future driving force for the nation.

Sustainability Data

Environment[1]

GRI	KPI	Unit of Measure	2019	2020
302-1	**TOTAL ENERGY CONSUMPTION**	**GJ**	–	**4,969,022**
	Direct energy consumption	**GJ**	–	**1,039,115**
	• *of which natural gas*	*GJ*	–	*872,205*
	• *of which LPG (Liquefied Petroleum Gas)*	*GJ*	–	*128,558*
	• *of which gasoil*	*GJ*	–	*840*
	• *of other fuel (heavy oil, kerosene, light diesel oil)*	*GJ*	–	*33,059*
	• *of which total electricity consumption self-generated from renewable sources*	*GJ*	–	*4,454*
	Indirect energy consumption	**GJ**	–	**3,929,908**
	• *of which electricity from non-renewable sources*	*GJ*	–	*3,467,315*
	• *of which total purchased electricity from certified renewable sources*	*GJ*	–	*413,887*
	• *of which heat (district heating)*	*GJ*	–	*45,031*
	• *of which cold water*	*GJ*	–	*272*
	• *of which compressed air*	*GJ*	–	*3,403*
	TOTAL GREENHOUSE GASES (GHG) EMISSIONS (LOCATION BASED)	**tonnes of $CO_{2\,eq}$**	**594,428**	**503,125**
305-1	**GHG emissions: Scope 1[2]**	**tonnes of $CO_{2\,eq}$**	**68,599**	**59,600**
305-2	**GHG emissions: Scope 2 (location based)[3]**	**tonnes of $CO_{2\,eq}$**	**525,829**	**443,525**
305-2	**GHG emissions: Scope 2 (market based)[4]**	**tonnes of $CO_{2\,eq}$**	**516,893**	**449,091**
305-7	**OTHER SIGNIFICANT AIR EMISSIONS**	**tonnes**	**154.65**	**134.96**
	• *of which NO_x*	*tonnes*	*142.43*	*124.61*
	• *of which SO_x*	*tonnes*	*12.21*	*10.35*
303-3	**WATER WITHDRAWAL[5]**	**m^3**	**3,262,051**	**2,616,917**
	• *of which surface water*	*m^3*	*95,412*	*66,713*
	• *of which from surface water from water stress area*	*%*	–	*99*
	• *of which groundwater*	*m^3*	*1,006,871*	*666,600*
	• *of which from groundwater from water stress area*	*%*	–	*67*
	• *of which third party water*	*m^3*	*2,159,768*	*1,883,604*
	• *of which from third party water from water stress area*	*%*	–	*85*
306-2 (partial)	**HAZARDOUS AND NON-HAZARDOUS WASTE**	**tonnes**	**95,960**	**80,366**
	• *of which sent to recovery (reuse, recycling, energy recovery)*	*tonnes*	*90,869*	*73,153*
	• *of which sent to incineration*	*tonnes*	*2,097*	*937*
	• *of which sent to landfill*	*tonnes*		*2972*
	• *of which sent to other disposal method*	*tonnes*	*2,994*	*3,304*

[1] The environmental data, except GHG emissions, are not comparable between 2019 and 2020 due to the implementation of a new EHS-E (Environmental, Health and Safety - Environment) methodology for data collection and KPI (Key Performance Indicator) calculation in 2020. Marelli will use 2020 data as a baseline for all EHS-E data, except for GHG emissions.

[2] Scope 1 CO_2 emissions reported using the emission factors reported in Table 2.2 of the "IPCC Guidelines for National Greenhouse Gas Inventories, 2006."

[3] Scope 2 CO_2 emissions (location based) 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". The coefficients for the other indirect energy consumption types (e.g., cooling, heating, compressed air, etc.) 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 are used.

[4] Scope 2 CO_2 emissions (market based) related to the consumption of electricity are calculated according to the market-based approach, using the emission factors for electricity consumption as reported by the "International Energy Agency (IEA), Emissions from Fuel Combustion" for extra-EU countries, and AIB Residual Mixes 2019 emission factors for countries included in the EU zone. Heat, compressed air, and cold water emissions are calculated by referring to 2020 Defra Conversion factors database.

[5] In general, water stress areas (using Aqueduct tool) include: Italy, Brazil, France, Spain, Germany, Slovakia, Mexico, Romania, Turkey, United States, Thailand, India and China.

Occupational Health and Safety[6]

GRI	KPI	Unit of Measure	2019	2020
403-9	EMPLOYEES			
	Number of Injuries	no.	162	95
	• *of which fatal injuries*	*no.*	*0*	*1*
	• *of which high consequences loss time injuries (LTI)*	*no.*	*24*	*12*
	• *of which LTI*	*no.*	*138*	*82*
	• *of which first aid (FA)*	*no.*	*584*	*776*
	Number of commuting injuries	no.	160	119
	Rate of total LTI (included high consequences LTI)	(Total LTI/Worked hours)*1,000,000	1.43	1.01
	Rate of fatalities as a result of work-related injury	(Fatal injuries/ Worked hours)x 1,000,000	–	0.01
	Rate of high-consequence work-related injuries (excluding fatalities)	(High consequences LTI/Worked hours)x 1,000,000	0.21	0.13
	Total worked hours	hours/year	113,153,641	93,755,310
403-10	Number of work-related ill health	no.	5	2
403-9	WORKERS WHO ARE NOT EMPLOYEES[7]			
	Number of Injuries	no.	3	10
	• *of which fatal injuries*	*no.*	*0*	*0*
	• *of which high consequences loss time injuries (LTI)*	*no.*	*2*	*1*
	• *of which LTI*	*no.*	*1*	*9*
	• *of which first aid (FA)*	*no.*	*24*	*60*
	Rate of total LTI (included high consequences LTI)	(Total LTI/Worked hours)*1,000,000	0.45	0.76
	Rate of fatalities as a result of work-related injury	(Fatal injuries/ Worked hours)x 1,000,000	–	–
	Rate of high-consequence work-related injuries (excluding fatalities)	(High consequences LTI/Worked hours)x 1,000,000	0.30	0.08
	Total worked hours	hours/year	6,661,687	13,160,289

[6] Data for Occupational health and Safety of 2019 are not comparable with 2020 data because of the implementation of a new EHS-E (Environmental, Health and Safety - Environment) methodology for data collection and KPIs (Key Performance Indicators) calculation in 2020.

[7] Workers, who are not employees, include both agency workers and external contractors.

Training

GRI	KPI	Unit of Measure	2019	2020
404-1	TRAINING			
	Total training hours provided to employees	hours	605,813	429,122
	Hours of training per employee	hours/employee	10.05	7.39
	Hours of training per female employees	hours/employee	–	7.57
	Hours of training per male employees	hours/employee	–	8.24
	Hours of training per "other" employees[8]	hours/employee	–	1.33
	Hours of training per Manager	hours/employee	5.98	77.02
	Hours of training per White Collar	hours/employee	15.66	8.74
	Hours of training per Blue Collar	hours/employee	6.84	5.41

GRI	KPI	Unit of Measure	2019	2020
412-2	Total training hours related to human rights policies or procedures concerning human rights aspects	hours	–	2,779
	Number of employees trained in human rights policies etc.	head count	–	6,234
403-3	Percentage of employees receiving regular performance and career development reviews	%	45	60
	• *of which Manager*	*%*	*91*	*88*
	• *of which White Collar*	*%*	*85*	*89*
	• *of which Blue Collar*	*%*	*20*	*42*
	• *of which women*	*%*	*44*	*70*
	• *of which men*	*%*	*51*	*65*

[8] "Other" employees refers to those employees for whose gender information is not available since they work in country where the data privacy regulation does not allow to collect gender information.

Human Resources

GRI	KPI	Permanent		Temporary		Full-time		Part-time	
		2019	2020	2019	2020	2019	2020	2019	2020
102-8 Type of contracts by gender	Women	14,260	13,738	868	784	12,321	14,181	2,807	341
	Men	37,738	36,376	1,531	1,461	33,105	37,718	6,164	119
	"Other"[9]	5,877	5,641	13	77	1,868	5,709	4,022	9
	Total Employees	57,875	55,755	2,412	2,322	47,294	57,608	12,993	469

GRI	KPI	EMEA		APAC		NAFTA		LATAM	
		2019	2020	2019	2020	2019	2020	2019	2020
102-8 Type of contracts by region	Permanent	21,757	20,993	18,409	16,943	12,950	13,179	4,759	4,640
	Temporary	800	753	1,483	1,232	17	80	112	257
	Total Employees	22,557	21,746	19,892	18,175	12,967	13,259	4,871	4,897

GRI	KPI	New Hires		New Hires Rate		Leavers		Leavers Rate	
		2019	2020	2019	2020	2019	2020	2019	2020
401-1 New Hires and Leavers	Women	2,385	2,019	17%	15%	3,533	2,665	25%	19%
	Men	4,664	4,706	12%	13%	7,216	6,393	19%	18%
	"Other"[9]	106	624	2%	11%	130	1,038	2%	18%
	< 30 years	4,035	3,011	30%	27%	4,136	2,845	31%	25%
	30<=x<=50	2,886	3,662	8%	10%	5,192	5,568	15%	16%
	> 50 years	234	676	2%	6%	1,551	1,683	13%	15%

GRI	KPI	Manager		White Collar		Blue Collar		Total	
		2019	2020	2019	2020	2019	2020	2019	2020
405-1 Diversity of employees	Women	47	47	4,999	4,559	12,005	9,916	17,051	14,522
	Men	461	513	16,071	15,109	23,766	22,215	40,298	37,837
	"Other"[9]	46	38	926	1,941	1,966	3,739	2,938	5,718
	< 30 years	1	1	4,126	3,353	9,275	7,886	13,402	11,240
	30<=x<=50	252	211	13,243	13,804	21,613	21,656	35,108	35,671
	> 50 years	301	386	4,627	4,452	6,849	6,328	11,777	11,166
	Total employees	554	598	21,996	21,609	37,737	35,870	60,287	58,077

[9] "Other" refers to those employees for whose gender information is not available since they work in country where the data privacy regulation does not allow to collect gender information.

Social

GRI	KPI	Unit of Measure	2019	2020
308-2 / 414-2	**Suppliers assessed for social and environmental impacts[10]**	**no.**	**823**	**827**
	Suppliers identified as having significant actual and potential negative social and environmental impacts	**no.**	**448**	**448**
	• *with which improvements were agreed upon as results of assessment*	*no.*	*383*	*383*
		%	*85*	*85*
	• *with which relationships were terminated as a result of assessment*	*no.*	*1*	*1*
		%	*0.2*	*0.2*
412-3	**Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**	**%**	**100**	**100**
102-41	**Percentage of total employees covered by collective bargaining agreements**	**%**	**64.7**	**69.8**
Non-GRI	**Total number of days/hours on strike, for significant episode**	**days**	**0**	**0**
406-1	**Number of incidents of discrimination recorded during the year**	**no.**	**1**	**0**
418-1	**Total number of substantiated complaints received concerning breaches of customer privacy**	**no.**	**2**	**0**
	Number of identified leaks, thefts, or losses of customer data	**no.**	**2**	**0**

[10] The social aspects assessed also includes ethics and compliance.

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