



# CORPORATE RESPONSIBILITY REPORT

# 2019



# MANN+HUMMEL

Worldwide, we work on **separating the useful from the harmful**. By doing so, we are contributing to a cleaner future and we are very proud of this. Filtration is, and remains, a key technology for which there will always be a demand. Knowing this, we always remain open to change. At MANN+HUMMEL, **sustainability, mobility, and digitalization** are drivers for our ongoing transformation. We draw our innovative strength from these areas in order to adapt the company to meet the challenges of today and tomorrow.

→ [Link to the video](#)

## SEGMENTS

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- Transportation
- Life Sciences & Environment

## BUSINESS UNITS

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- Original Equipment
- Aftermarket
- Air Filtration
- Water Solutions

## BRANDS

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- MANN-FILTER
- WIX Filters
- FILTRON
- Purolator
- MICRODYN-NADIR
- OurAir
- Senzit
- Tri-Dim
- Tri-DimHardy
- Oltremare Liquid Filtration

# MANN+HUMMEL AT A GLANCE



All figures are rounded. This may lead to minor discrepancies when totaling sums and when determining percentages.

# TABLE OF CONTENTS

**2 MANN+HUMMEL**

**3 AT A GLANCE**

**5 FOREWORD**

**6 ABOUT MANN+HUMMEL**

**7 ABOUT THIS REPORT**

**8 MATERIALITY MATRIX**

**9 ADDED VALUE**

**10 VALUE ADDED**

11 Innovation

16 Business performance and marketing

**17 VALUED COMMUNITIES**

18 Employment and communication

21 Diversity and equal opportunities

22 Employee development

23 MANN+HUMMEL is part of the community

**25 VALUE ENDURANCE**

26 Resource consumption and emissions

29 Occupational health and safety

31 Supply chain

**34 VALUE ORIENTED**

35 General compliance with the law,  
anti-corruption regulations and competition law

39 Fair working conditions and anti-discrimination

**41 GRI CONTENT INDEX**

**48 IMPRINT/CONTACT**

# FOREWORD



We are guided by the transformation drivers' sustainability, mobility, and digitalization. These challenge us as a company today to help shape our world of tomorrow. They challenge us to act instead of wait. Because being passive is not an option for a market leader.

**To separate the useful from the harmful:** that is MANN+HUMMEL's mission and passion. For 80 years, we have been concentrating on this task and today we are the worldwide market leader for innovative filtration solutions. We know that we have a great responsibility, and it is one that we gladly accept. By providing a transparent look at our own corporate responsibility, we hope not only to improve our own practices, but also to be a benchmark for others in the industry and actively shape a more sustainable future.

In the area of sustainability, our goal is to make a short-term and long-term contribution towards a cleaner and healthier world. For this reason, we have defined **sustainability** as a permanent and integral part of our corporate responsibility.

Kurk Wilks  
President & CEO

Emese Weissenbacher  
EVP & CFO

Nicolaas Zerbst  
COO

# ABOUT MANN+HUMMEL

MANN+HUMMEL is the leading global expert in filtration. At over 80 locations on six continents, the Company develops powerful and innovative filter systems for various industries and applications.

## Ownership and management structure

The company shares are held in equal parts by the families of the two company founders, Adolf Mann and Dr. Erich Hummel. As of January 1, 2016, MANN+HUMMEL International GmbH & Co. KG became the ultimate parent company of the MANN+HUMMEL Group. It is organized as a partnership. MANN+HUMMEL is a family-owned company. The operational management of the business, including all economic, environmental and social issues, is the responsibility of the members of the Management Board. The Supervisory Board advises the Management Board on matters relating to the running of the company and reviews the budget as well as all key investment and acquisition projects. The representatives of the two families (shareholder representatives) play a special role here.

## Values and the standards of conduct

### Corporate values

Our values guide our daily actions towards customers, employees, and our environment. Their first letters make up the word "FILTER", and we thus call them our "FILTER" values: Focus, Innovation, Leadership, Trust, Empowerment, and Results.

We consider these values to be central guiding principles, in which we believe, and by which we are guided and measured. Therefore, they are more than just words. They represent a clear purpose.

### Code of Conduct

The MANN+HUMMEL Code of Conduct comprises the fundamental behavioral guidelines for the entire Group.

### Social Charter

The Social Charter is a joint declaration by the Group management team and the national and international employee representatives regarding the principles of social and societal responsibility within the MANN+HUMMEL Group.

### Management policy

The management policy describes the guiding principles of our company activities and the application of the MANN+HUMMEL management system (MMS). It meets the certification requirements according to the management system standards ISO 9001: 2015, IATF 16949: 2016, and ISO 14001: 2015.

### Risk management and precautionary principles

MANN+HUMMEL aims to recognize the potential, but also the negative effects, of current and future developments at an early stage, to evaluate these and to assess their consequences. Plans with quickly realizable measures have been prepared for this purpose. All measures are supported by a company-wide planning, reporting, and controlling system.

The Management Board Committee (MBC) and the Supervisory Board are regularly informed of potential problems and they decide on the appropriate course of action in good time.

# ABOUT THIS REPORT

Filtration separates the useful from the harmful. This is not just a technical description of MANN+HUMMEL's core competence. It is both our obligation and our personal interest to use our technological leadership to ensure that people all around the world have access to **cleaner air, cleaner water**, and **cleaner mobility**. This is our **plus** for better quality of life; it motivates us every day and spurs us on to achieve outstanding results.

For the third year in a row, MANN+HUMMEL is presenting the overall picture of its corporate responsibility in the form of a Corporate Responsibility Report. This report has been prepared in accordance with the GRI standards: Core option. The focal points of our corporate responsibility are presented in the report using four key phrases: **value added, valued communities, value endurance**, and **value oriented**.

Our **innovative strength** makes a particular contribution to the value added of MANN+HUMMEL. Every day, our agenda focuses on research in the area of pioneering technologies for the health and mobility of people. We appreciate the value of our **employees** by offering them attractive working conditions. We also include commitment to the local communities at our locations under the umbrella of valued communities. We maintain **partnerships** with not-for-profit organizations and support our employees in their social commitments. With value endurance we mean the responsible **handling** of natural resources

at MANN+HUMMEL and its suppliers as well as the protection of our employees through occupational safety measures and measures to promote their health. Under value oriented, we include our express commitment to comply with all statutory regulations as well as our activities to prevent corruption, competition law violations and other legal infringements.

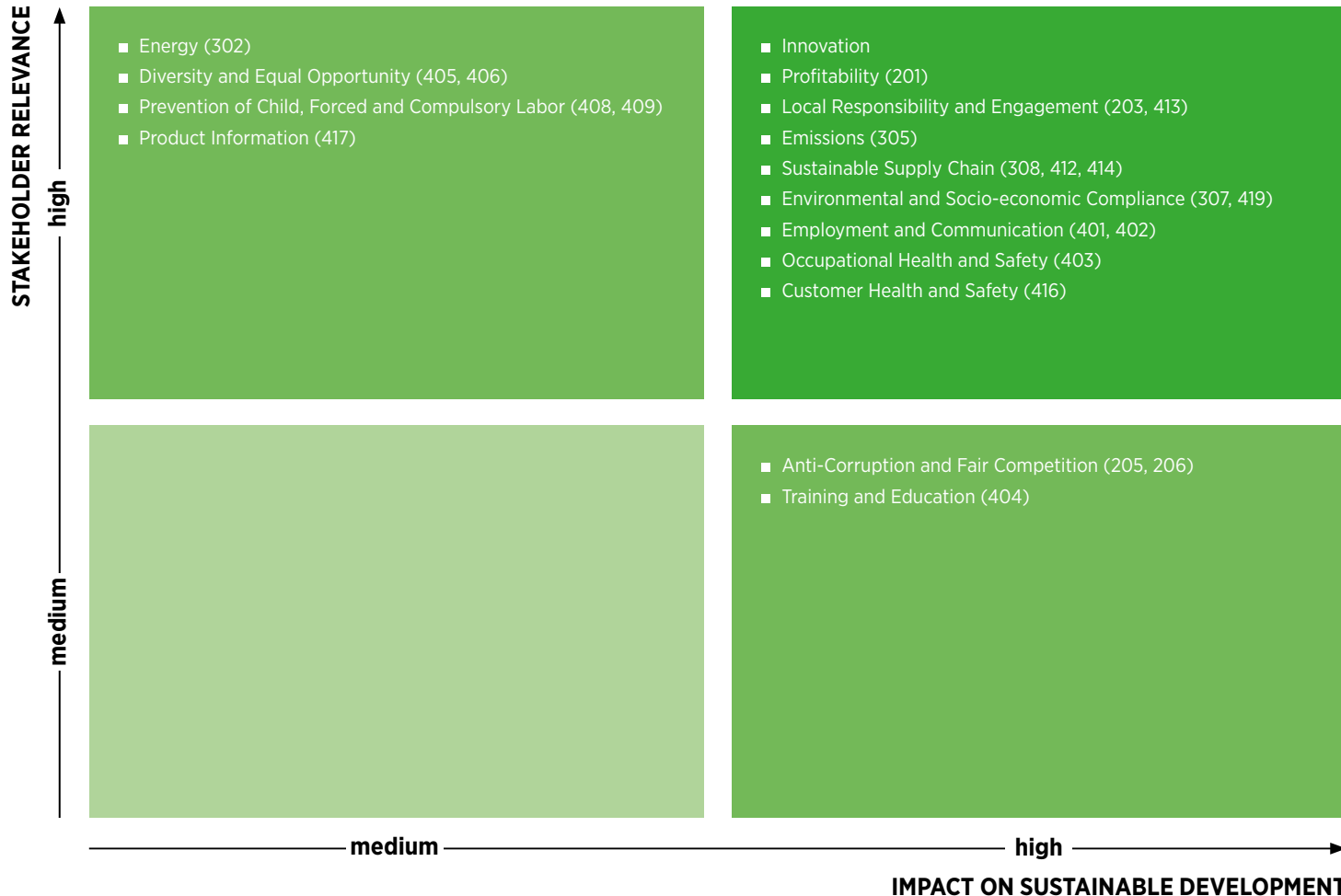
MANN+HUMMEL determined these key topics in a materiality analysis conducted in 2017. With the participation of representatives from the areas of Innovation & Strategy, Human Resources, Legal, Quality & HSE, Property Management, Purchasing & Supply Chain Management, Marketing and Corporate Communications, the company performed an evaluation to determine those sustainability topics that are of particular relevance for MANN+HUMMEL and its partners. For the purpose of this report, the identification and evaluation of material topics have been reviewed and refined, in particular with regard to the impacts of MANN+HUMMEL's activities. The material topics are illustrated in the materiality **matrix** on page 8.

The information in this report refers, wherever possible, to the entire MANN+HUMMEL Group. Due to several acquisitions over the previous years and the respective internal reporting paths that are still being established, some of the information only provides an insight into parts of the MANN+HUMMEL Group. Information on the companies

consolidated within the MANN+HUMMEL Group is provided in the **Annual Report 2019** on pages 46 to 48. We have opted, where possible, not to refer to male, female, and other genders (m/f/o) simultaneously in order to improve legibility. All references to people apply equally to all genders.

This page contains, inter alia, the following GRI Standards disclosures (2016 version): 102-40, 102-42, 102-43, 102-44, 102-45, 102-46, 102-49.

# MATERIALITY MATRIX

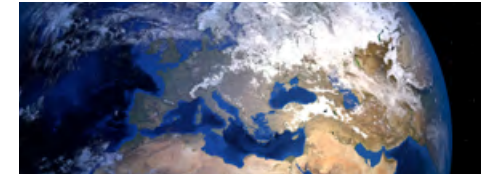


The MANN+HUMMEL materiality matrix lists the topics with high relevance for stakeholders and the company, as well as the economic, ecological and social impacts of MANN+HUMMEL's business activities. The numbers in brackets refer to the GRI Standards assigned to the material topics.

This page contains, inter alia, the following GRI Standards disclosures (2016 version): 102-47.



# ADDED VALUE



## Value added

The fundamental principle underlying the sustained development of MANN+HUMMEL is the company's value added. We adjust our company structurally to the challenges of the future. In this way, we achieve continuous growth with strong brands in different business fields.

We consider **speed** and **decisiveness** to be the key to our success. The only developments that are marketable and profitable for us will be those that represent a step forward and real added value for our partners and their customers.

Our innovative strength is a deciding factor in our value added. We develop pioneering filtration technologies that have a positive effect on our health.

**Page 10**

## Valued communities

We wish to be leaders, in whatever we do, at all times. We create an environment of trust that promotes the highest level of performance and growth. Our organization can only be successful if each individual contributes towards the success of the whole. That is why we want everyone to act courageously and boldly, but always responsibly. So that teams can function and work together in the best way possible, we respect and actively live our company's values. We interact with respect and openness and benefit from the opportunities presented by the variety of our cultures.

We concentrate on our strengths and understand ourselves as a learning organization. **We expect our management to bring our employees' capabilities to full fruition.**

**Page 17**

## Value endurance

MANN+HUMMEL manages the resources directly associated with the company's value creation process responsibly. **In this context, we only want to consume as much energy as we need and not unnecessarily burden the environment with emissions.** Nor do we make any compromises when it comes to occupational safety. We protect our employees with the highest level of occupational safety and we take care of their health. Our suppliers are also an important resource. We expect them to implement sustainable business practices. This is why we focus on lasting business relationships.

**Page 25**

## Value oriented

At MANN+HUMMEL, we move forward because we have a clear idea of what tomorrow's world could look like. As a team, we have a vision, Leadership in Filtration, and a mission to separate the **useful from the harmful.**

We accept **responsibility** for our employees, society, and our environment.

Of course being guided by these values means **complying with all applicable laws.** Fair working conditions also apply at our company. Our Code of Conduct governs everything we say and do.

Ultimately, our **corporate values** form the basis for our business success, because they are more than words, they represent a clear purpose.

**Page 34**

## VALUE ADDED

At MANN+HUMMEL we think big. And we think long-term. Big means that we see our responsibility on a global scale. Long-term means always acting sustainably. After all, our world has limited resources that need to be shared by **7.5 billion people and 20 trillion insects and animals**. And these numbers continue to grow.

As a company and as citizens of the world, we must think and act responsibly to create a better future for everyone. For us, value added covers many areas within and outside our company: Marketing, innovation, technology, and economic performance, as well as health and safety. One of our latest innovations shows what this can look like in practice: the Filter Cube.

→ [Link to the case](#)

→ [Link to the video](#)



### FILTER CUBE: THE CLEAN CUBE

Air pollution is a major problem of our time. The highest levels of pollution are found in city centers on busy roads or in places with insufficient air exchange, such as subway stations. We have developed the Filter Cube precisely for this purpose. The intelligent air cleaning system draws in large quantities of air via a fan and expels the cleaned air back out. **This process binds more than 80% of nitrogen dioxide and fine dust (particulate matter)**. With the modular system, up to three cubes can be assembled to form a filter column that then cleans 14,500 m<sup>3</sup> of air per hour while consuming the same amount of energy as a regular vacuum cleaner.

# INNOVATION

Over 1,100 employees worldwide work in Research and Development for the MANN+HUMMEL Group to provide innovative filtration solutions and filtration products. **With more than 2,500 patent applications, patents and utility models**, MANN+HUMMEL is a leader in the sector. During the year under review, MANN+HUMMEL spent EUR 134 million (3.2% of sales) on Research and Development. Research and Development remain a central pillar of our competitiveness. The basis is the clear commitment of management and the entire Group to the financial, structural and personnel-related prioritization of research and development activities. Our vision of **Leadership in Filtration** includes the aspiration to be a technological leader. MANN+HUMMEL has grown in the Transportation segment through successful **development partnerships**. We are leaders particularly in the fields of system competence and filter media. Through our innovative solutions we make a valuable contribution to **cleaner mobility** and are breaking new ground with our digital products and components for alternative drives. Our Life Sciences & Environment segment encompasses our commitment to **cleaner air** and **cleaner water**.

## Development network

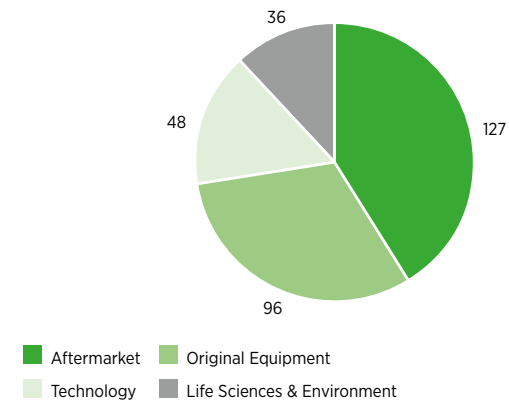
The development departments in the various business units bear primary responsibility for the research and development activities. The Sales, Marketing, and Legal departments likewise contribute to the success of innovations. Interdisciplinary teams are a key success factor in the innovation process at MANN+HUMMEL. For example,

employees from advanced development work closely with colleagues from different business units. The MANN+HUMMEL Group's research and development locations are linked via a **development network**. They are divided into Centers of Competence, which have the authority to issue guidelines, as well as regional clusters (Engineering Centers) and local research and development locations (Application Centers).

## Our innovation process

The MANN+HUMMEL innovation process is valid for all units of the Group and is broken down into four phases: Global Ideation Jam, Study, Incubation and Acceleration. Ideas are generated and collected as part of the Global Ideation Jam. In the second phase, Study, a better understanding of the ideas is garnered within short projects. They are reviewed as to their potential and the customer requirement. If an idea passes this phase too, it is forwarded on for the Incubation phase where concrete product solutions are defined and market launches simulated. With the release and implementation of the market launch plans, projects move into the Acceleration phase. This is when we start producing the developments. We are permanently working on reducing the time from idea generation through to marketable product (time-to-market). We rely on agile methods such as scrum and design thinking, cross-sector **technology platforms** and a meaningful standardization of processes and materials. This helps us to become faster, more effective, and more flexible.

## Innovation projects by area 2019



We continuously measure the progress of our innovation projects in various ways including by the percentage of milestones passed.

## Cooperation with customers and suppliers

External influences are important for successful innovations. This is why we cooperate with development-focused suppliers and partners. In this way we benefit, for example, from the **research infrastructure** of **universities**, while in return allowing students to do practical **research**. All things considered, our development activities are characterized by close cooperation with the original equipment sector of the automotive and mechanical engineering industries. We constantly compare our results in the development phase with the expectations of customers. In the aftermarket business, a customer-centered customer relations management system helps us to understand the wishes of our customers and even to anticipate them at times. Moreover, we regularly exchange information and ideas with garages, administrative bodies, and other customers.

## Alternative drive systems

We develop products and innovations for conventional drives, as well as for new forms of drive, in order to make future **mobility cleaner and reduce emissions**. MANN+HUMMEL was able to position itself as a leading supplier of filters and filter systems in the field of **electric mobility** and during the year under review acquired new orders

in this area. We are already offering our customers pioneering solutions for **fuel cell and high-voltage battery systems**, including **filter elements and systems for air and fluid circuits in battery systems**.

**+ In addition to the already established products for battery electric vehicles, the portfolio was expanded by further products. One example is the oil filter system for E-axes and hybrid transmissions, which was presented to the specialist public for the first time at the IAA in September 2019.**

In addition to an oil reservoir, the oil filter system converted into plastic also contains a suction and pressure-side oil filter element and an oil dryer. Furthermore, humidity, pressure and temperature sensors, a switchable electric pump and an oil cooler with optional thermostat control are integrated. The high degree of functional integration allows for a compact design.

Another promising concept for electric vehicles is the fuel cell. Here, the electrical energy is generated directly in the private or commercial vehicle and is converted into motion. But the system is extremely sensitive: Central components react sensitively to particles, harmful gases and water in the intake air.

For example, sufficient relative humidity is required for optimum operation of the fuel cell. In addition, harmful gases can irreversibly damage the platinum-coated catalytic converter. A further challenge is the cooling of the fuel cell, because the electrochemical reaction generates heat which has to be dissipated. Firstly, harmful particles must be removed from the cooling circuit. Additionally, it must be ensured that the conductivity of the coolant remains below the permissible limit.

**Fuel cell technology is a complex system.** The solution from MANN+HUMMEL is therefore not a single product, but rather the interaction of several optimally matched components which ensure a highly efficient supply of clean air to the fuel cell and an optimum cooling circuit:

- The cathode air filter system removes impurities from the air.
- The broadband muffler dampens the intake noise caused by the compressor.
- The humidifier protects the fuel cell membranes from drying out.
- The cathode water separator prevents the fuel cell from flooding or freezing.
- The coolant particle filter prevents blockage of the cooling channels and protects against wear.
- The ion exchanger filter protects the fuel cell from electrical short circuits.

## Protection of resources through energy efficiency

With new technologies for combustion engines, MANN+HUMMEL is contributing to the protection of resources and the environment. In **intelligent cabin air filter systems**, the indoor and outdoor air quality is continuously monitored by sensors and the optimum filter stage is activated, for example. This increases the service life of the filter elements and simultaneously reduces **energy consumption**.

**The Filter Cube**, which extracts around 80% of the fine dust from the drawn-in ambient air, is extremely energy efficient and thus helps to conserve resources. The fine dust particle filters are installed together with economical fans in stationary units. The newly developed ePM10 50% and ePM10 70% media take our energy-saving synthetic bag filters to a new level with their A+ ratings and offer market-leading technologies for greater energy efficiency.

## Smart filtration

MANN+HUMMEL is pursuing the goal of combining its filtration know-how increasingly with digital technology. Filters are to be intelligent and capable of communicating with their users. In the area of **smart digital solutions** we bring together our experience and our expertise from various digital projects and concepts for interior filtration: We

market this concept under the name “Tri-Dim Digital Suite”, mainly in North America. It combines years of experience and valuable filtration knowledge with Artificial Intelligence (AI) to provide a complete clean air management solution.

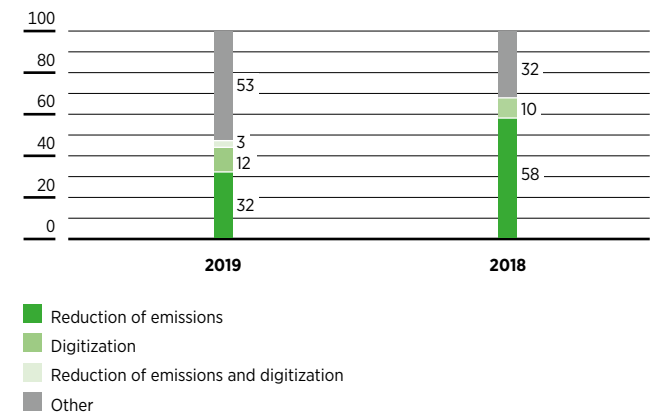
Our Filter Cube is already equipped for the digital future too: Smart control electronics enable the system to be operated according to demand. External sensors record current air and weather data as well as the pollution level of the outside air. This data is merged and analyzed in a cloud. Depending on the ambient conditions, its operation can be adjusted automatically or manually by the user. This saves energy and maintenance costs.

## Sustainable innovations in new business fields

Our development activities are critical for growth in new business fields. We are therefore aiming to increase the number of innovation projects in new business fields. We want to incorporate acquisitions more strongly into our innovation process. The acquisition of the Canadian air filter company Hardy Filtration by MANN+HUMMEL was a milestone in 2019. Hardy specializes in air filtration solutions for a variety of commercial and industrial applications such as hospitals, schools, automobile plants and paint shops, data centers as well as the food and beverage industry.

### Innovation projects by focus topic

Expressed as a percentage



In the year under review MICRODYN-NADIR acquired shares in the company SECCUA based in Steingaden. SECCUA is a manufacturer of Point of Use or Point of Entry water treatment systems. This investment gives us access to this rapidly growing market for the first time.

Our business performance shows: **Our expertise in innovative filtration solutions is no longer limited to the transportation segment.** The world is facing ever growing problems. We want to play our part by providing clean air, clean water, and cleaner mobility – for a healthier life.

**+ This is why, based on our vision “Leadership in Filtration” and our mission “Separate the useful from the harmful”, we have further interpreted and reinforced the definition of our future direction: We see filtration and especially the results of our filtration solutions – clean air, clean water and clean mobility – as a human right.**

Global developments show us that our mission and thus also our core activities are becoming more and more relevant.

## Filters for reducing particulate pollution

The robust HEPA Filter Nanoclass Cube N delivers outstanding results in the separation of suspended particles. Despite high air volumes of up to 4,000 m<sup>3</sup>/h and a large active media area, the design remains compact and space-saving. Regardless of whether it is used in industrial ventilation systems, clean room applications or in medicine: **Harmful or hazardous particles are safely removed from supply and exhaust air systems.** It also reliably prevents contamination through the ventilation system itself. HEPA (High Efficiency Particulate Air) filters are used to control air pollution and are classified as H13 or H14 according to the EN 1822 standard. These classifications guarantee a separation efficiency of 99.95% (H13) or 99.995% (H14) of the particle size with the lowest separation efficiency MPPS (Most Penetrating Particle Size), typically in the size range of 0.12 µm to 0.25 µm – roughly the size of many virus types.

## Protection of vehicle occupants

Our latest cabin air filters for vehicles are capable not only of effectively removing almost all particulate matter, pollen, soot and mold from the incoming air but also nitrogen oxides. In this way, we are protecting the health of vehicle occupants from their negative ef-

fects. Newly developed filter media with nanofiber technology, which we use in cabin air filters, remove particles at HEPA level.

In the PreciousSmart cabin filter concept, each filter stage fulfills a specific task adapted to the respective requirements: **The highly effective cabin filter with biofunctional coating binds allergens, filters fine dust and prevents the spread of bacteria and mold.** The pre-filter, which can be switched on as required, also cleans the outside air of fine dust as well as pollen and harmful gases such as nitrogen dioxide. During the third filtration stage, a HEPA filter even binds ultra-fine particles (<0.1 µm), such as soot and brake dust. This ensures that passengers are optimally protected in every situation.

## Clean building air

Poor air quality is not only found outdoors. The air in buildings is often many times worse – even in modern office buildings. These buildings are often optimized to be energy efficient. The downside is that windows can no longer be opened, resulting in poor air circulation and greater CO<sub>2</sub> pollution. In addition, pollutants that are produced by the building itself, such as formaldehyde and other volatile organic compounds (VOCs), as well as the fine dust particles from clothing, carpets and skin, are released into the air.

All this not only harms the health and well-being of office workers, it also brings measurable economic disadvantages. It has been proven that poor office air reduces performance and often leads to sick leave – also known as “sick building syndrome”. Even a 10% reduction in productivity is more expensive for the company than the total monthly rent of the respective workstation.

MANN+HUMMEL works closely with manufacturers of air conditioning and ventilation equipment. **These devices provide the necessary air exchange in the building.** Our filter systems remove the pollutants from the air flowing through. In order to find the optimal filter configuration for each building, we measure the pollutant load inside and outside the building. This way, every system can be optimized for maximum energy and cost efficiency.

## Ultrafiltration membranes against multi-resistant germs

Water is a limited, non-renewable resource. At the same time, the world's population continues to grow steadily and urbanization is increasing. Together, these are typical drivers for the topic of water reuse. **The ultimate goal: never again to waste a drop of water, but to treat the used water again and again.** The aim is to secure the

earth's demand for fresh water in the long term and to enable the sustainable use of our resources. Different membrane technologies are thereby indispensable facilitators in the preparation and reuse of wastewater.

MICRODYN BIO-CEL® MBR modules are one example of these membrane technologies. They are already being used successfully in wastewater treatment plants around the world for biological wastewater treatment. The applications range from tuna canning wastewater to the treatment of other industrial wastewater and municipal sewage treatment plants. In combination with other technologies, they prevent bacteria and micropollutants – e.g. residues of pharmaceutical substances, which in turn can promote the spreading of multi-resistant germs – from entering the recycled water.

## Product safety

We contribute to the protection of the health and safety of our customers through the MANN+HUMMEL management system as well as all processes and standards of advanced product quality planning, quality assurance and risk management. Our responsibility extends across the entire supply chain, including suppliers and taking into account country-specific legislation (e.g. REACH and RoHS). Health and safety are also relevant throughout the entire lifecycle of our

products – from development and material selection to recycling. Special attention is paid to safety-relevant features which are specifically checked during FMEAs, validations, and process monitoring in order to avoid health and safety-related risks. We inform end users and service personnel about the correct use of our products through product information and training courses, for example.

**In accordance with the requirements of the Automotive Quality Management System Standard IATF 16949, MANN+HUMMEL has established a stringent process for product safety.** This describes the process from the initial development of a product through to the introduction of required measures for product safety-relevant incidents. Both the production locations and corporate departments undergo regular internal and external audits. This guarantees compliance with and continuous improvement of our management system and the corresponding processes. In 2019, the audit results were consistently positive and no deviations were reported with regard to compliance with safety standards and health protection requirements.

# BUSINESS PERFORMANCE AND MARKETING

Our filtration expertise, built up over nearly 80 years, and the fact that we continue to hold a number of patents, patent applications and utility models, represent a competitive advantage that has a positive impact on all Group brands. We intend to rely even more on sustainable ideas that contribute to the protection of resources, keep air and water clean and thus protect the health of people. We are constantly adjusting our organization and our processes to the challenges of the future and improving our efficiency. **MANN+HUMMEL understands the importance of continuously nurturing relationships with its stakeholders, in order to strengthen trust in the company and its brands.** Through our activities, we want to secure our competitiveness and generate added value for our customers.

## Stakeholder communication

MANN+HUMMEL places great value on direct contact with its stakeholders. The departments responsible for the continuous development and maintenance of stakeholder relationships include Communications and Marketing, in particular Product and Brand Management, as well as Sales, particularly Customer Service and Business Development. By consolidating the original equipment and aftermarket business for Automotive and Industrial, we have simplified and streamlined contact with our customers. In the aftermarket business we rely on Key Account Management with "One Face to the Customer".

MANN+HUMMEL is also a TecAlliance shareholder. TecAlliance sets standards in the Automotive Aftermarket worldwide and is a provider of leading expert solutions. The confidence in our brands is also reflected in the awards they have received. Readers of the *trans aktuell*, *lastauto omnibus* and *FERNFAHRER* journals once again voted MANN-FILTER as "best brand".

## Product information

Through the appropriate labeling of its products and its documentation of the product characteristics, MANN+HUMMEL complies with statutory regulations and satisfies the requirements of its customers. The latter receive information on the components and characteristics of the products and scope of services. We thus avoid incidents of damage and complaints. MANN+HUMMEL labels its products with respect to transport, storage and disposal, as well as with notices on hazardous substances in accordance with the respective, specific regulation. With the **International Material Data System (IMDS)**, we also use a globally standardized exchange and management system for material data in the automotive industry, which discloses the chemical composition of components, semifinished products and materials. In the aftermarket business, we use installation instructions and fitting videos to inform our customers about the proper handling of products. Furthermore, we offer product-specific training courses.

## Reduction of cost level from 2019

In view of the market potential of our Transportation and Life Sciences & Environment business segments and the challenges they face, we announced a restructuring program in 2019 to better position ourselves for the future. As a result of these restructuring activities, a renewed focus on sales growth and a **stronger focus on efficient processes and cost-saving controls**, we were able to improve our results.

After the decline in sales in 2018, we reported positive growth of 6.5% and, for the first time in the company's history, we achieved sales of over EUR 4 billion. After these revenues, we achieved an EBIT of EUR 153 million. This represents an increase of 63.9% compared to 2018.



## VALUED COMMUNITIES

Clean water: If you have access to this precious resource at all times, you can count yourself among the lucky 70% of the world's population. 844 million people do not even have a basic supply of drinking water, a number that we find exceptionally frightening.

At MANN+HUMMEL, we believe that access to clean water, clean air, and clean mobility is a human right. This is why we are continuously working on products and solutions that secure these basic needs in the long term and sustainably improve the quality of life – for all people, now and in the future.

The BIO-CEL® MBR is just one of the countless products of the MANN+HUMMEL Group which demonstrate our value added and the huge value of the earth's precious resources.

→ [Link to the case](#)



### BIO-CEL® MODULES: PROBLEM SOLVED

The growing world population and increasing urbanization are typical drivers for the topic of reusing water. **The fresh water requirement can only be secured in the long term if used water is completely recycled.** This is made possible by membrane technologies such as our MICRODYN BIO-CEL® MBR modules. They are already used successfully all over the world, whether for the biological treatment of industrial wastewater or in municipal sewage treatment plants. In combination with other technologies, bacteria and micropollutants, e.g. residues of pharmaceutical substances, are prevented from entering the recycled water.

# EMPLOYMENT AND COMMUNICATION

It is essential for MANN+HUMMEL not only to attract new employees, but also to retain them. In the competition with other companies for qualified specialist and skilled labor, we aim to distinguish ourselves as an attractive employer. Our management policy states: **“We are committed to our responsibility toward our employees and provide them with a first-class working environment.”** MANN+HUMMEL is confident that companies that have a corporate culture based on partnership better fulfill the needs of their employees. This refers to both meaningful work and the awareness of contributing to something greater. In our **Code of Conduct** we describe our efforts to offer all our employees challenging, meaningful, and satisfying opportunities for personal and professional development. For MANN+HUMMEL, a corporate culture based on partnership also includes clearly communication of company decisions, strategic projects and structural changes. We involve employee representatives at an early stage in change processes and inform employees about new developments at the right time.

## Employee recruitment

MANN+HUMMEL attaches a great deal of importance to its employer brand and strives to achieve a deeper understanding of the employer promise among its employees. The core message communicated to both employees and candidates alike is that our success is based on the support of our colleagues. Furthermore, we are resolute in

our determination to find solutions and to do things properly. We aim to leave no challenge unresolved. Everyone at MANN+HUMMEL is given the opportunity to excel. **All doors are open to those who have ideas, who accept responsibility and who want to achieve something.** Our employer brand thus focuses comprehensively on the appreciation of people who recognize and use opportunities. We expect our employees and applicants to think outside the box, keep their eyes open, understand problems and offer solutions. The individual components of our employer value proposition are also part of our recruitment process. This means that with every new hire, we want to check whether candidates identify with our core principles and whether they are compatible with us. The drivers of the employer value propositions are the Human Resources and Corporate Communications departments. Ultimately, however, all employees and managers shape the corporate culture.

Locations in particularly dynamic economic regions suffer occasionally from high fluctuation and strong competition on the recruitment market. These include, for example, our locations Queretaro in Mexico, Shanghai in China, Okrisky and Uhersky Brod in the Czech Republic. We meet these challenges through, among other things, recommendation programs for our employees, increased participation in job fairs and partnerships with universities.

Focus was also placed on supporting change projects in which the employee organizations are intensively involved.

## Composition of workforce<sup>1</sup>

Number of people (as of December 31, 2019)	Male	Female	Total
<b>Workforce by employment contract</b>	<b>13,541</b>	<b>9,051</b>	<b>22,592</b>
Permanent	12,208	8,069	20,277
Temporary <sup>1</sup>	1,333	982	2,315
<b>Workforce by hours</b>	<b>13,541</b>	<b>9,051</b>	<b>22,592</b>
Full-time	13,160	7,649	20,809
Part-time	381	1,402	1,783

<sup>1</sup>Excluding 294 trainees, 53 interns, and 2,164 temporary/contract workers.

## Communication and dialog

In its **Social Charter**, MANN+HUMMEL Group expressly recognizes the right of all employees to establish collective **employee organizations** and to take part in collective bargaining to regulate working conditions. The Management Board and Location Manager work together with the relevant employee organizations constructively on the basis of mutual trust. Even in the event of a dispute, their objective is to maintain a stable, long-term cooperation. In 2019, a total of 94% of employees at our locations in Germany were included in collective bargaining agreements. The **management** staff bear a particular responsibility for communication with our employees. Their role is to put the success factors of our company into practice and to encourage their employees to do the same. They are tasked with informing their employees comprehensively and in good time about all important topics. The corporate communications function also assumes the responsibility of communicating important topics to employees and of supporting the provision of information via the management staff.

**+ Such topics include focusing on our customer needs and profitable growth, transforming for the future through innovation, inspiring leadership and trust through high performance teams, promoting empowerment to ensure operational excellence, delivering results and contributing to our financial performance – because these are the FILTER values we live by every day.**

**+**

We inform the employee organizations in accordance with the relevant statutory and industrial agreement requirements. In Germany, we support the holding of an annual meeting of the works councils once a year, which includes the presentation of a Management Board report.

In its management policy, MANN+HUMMEL undertakes to understand its organization, interested parties and the relevant internal and external demands. This means that communication is not designed to flow in one direction only, but that opportunities for dialog should also exist. This includes greater use of the employee app M+H Connect. In 2019, MANN+HUMMEL introduced its employee app, which is now used by almost 7,100 employees, at 41 additional locations. These include locations in Brazil, Canada, China, Mexico, Morocco, the United Kingdom, Germany, Singapore, Italy, and the USA.

This page contains, among other things, the following GRI Standards disclosures (2016 version): 102-41.

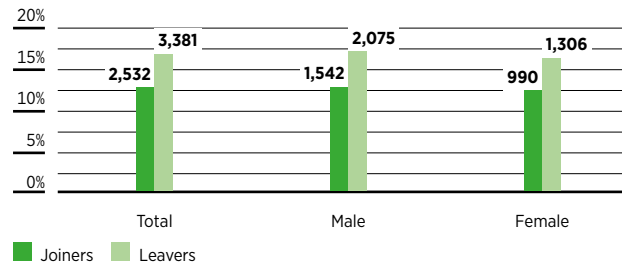
## Attractive working conditions

On the one hand, the establishment of attractive working conditions is the responsibility of HR and plant managers at the individual locations. On the other hand, the Human Resources corporate department has a controlling role for the entire MANN+HUMMEL Group. When defining working conditions, we focus on attractive remuneration, maximum **flexibility at work** and a positive environment at the relevant location. In our largest **production plant in Marklkofen**, we offer around 3,000 employees over 100 different part-time models that are aligned to their individual needs. We provide employees in the administration areas with tools that facilitate flexible, location-independent working. As an international group, we offer our employees the opportunity to work in cross-border, global teams. The attractiveness of each location with respect to infrastructure and employee supply is also something we focus on. Offers relating to the company pension scheme and the negotiation of attractive supplementary health insurance policies are part of our employee offering at the individual locations.

+ **At MANN+HUMMEL's largest production plant, located in Marklkofen, Germany, around 3,000 employees produce 200 million filter elements annually.** +

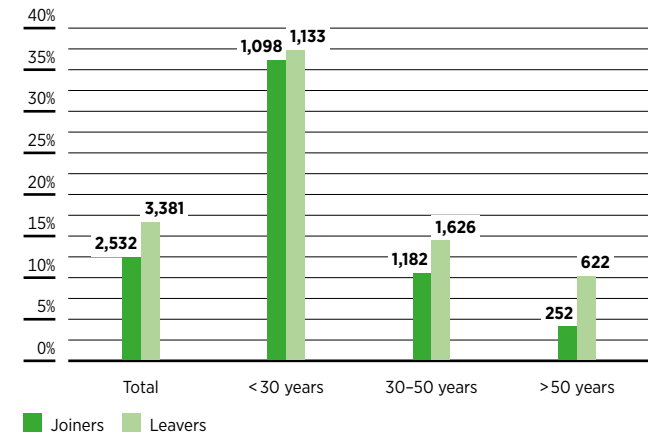
### Employee turnover by gender

Expressed as a percentage <sup>1</sup> and in absolute terms



### Employee turnover by age group

Expressed as a percentage <sup>1</sup> and in absolute terms



<sup>1</sup>The percentage indicates the rate of employees joining/leaving the company in the respective employee segment. The numbers above the bars indicate the number of employees who have left/joined the company. Permanent employees only, excluding retirees.

# DIVERSITY AND EQUAL OPPORTUNITIES

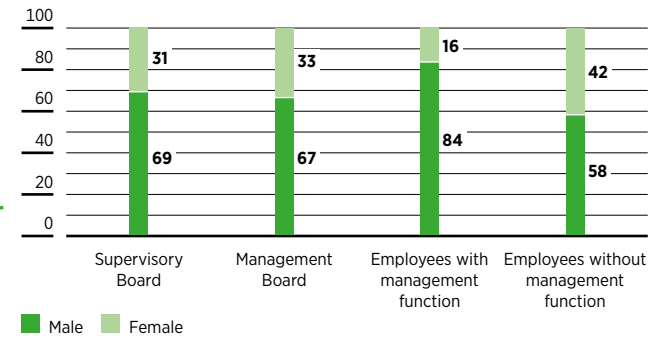
MANN+HUMMEL bears responsibility for ensuring that its employees are treated equally. In our Code of Conduct, we make it clear: “The success of MANN+HUMMEL is based on the diversity of people and a respectful attitude and approach to others.” By this we mean that we acknowledge and value the personal and individual differences of all our employees. Equal opportunities and **equal treatment**, regardless of ethnicity, skin color, gender, religion and nationality are guaranteed in the MANN+HUMMEL Group. The same applies to the sexual orientation, social background, or political views of an employee, provided that the latter are based on democratic principles and a tolerance of people with different opinions. This is enshrined in our Social Charter. Employees are not given preference or put at a disadvantage owing to their membership of a company employee organization. Employees of both genders are selected and promoted on the basis of their abilities and function-specific qualifications. Our new **platform “SpeakUp”** is just one way in which we work to counteract potential incidents of discrimination. In this way, every employee has the opportunity to report suspected cases. MANN+HUMMEL promotes teams comprised of colleagues with different backgrounds and a **wide variety of experiences**. This can make it easier to understand new markets. It is the responsibility of our Human Resources personnel to deploy the abilities and technical skills of employees of different backgrounds correctly so that creative problem solutions can be developed and productivity can be increased. The current

proportion of women on the Management Board is 33%, while on the Supervisory Board the figure stands at 31%. For the two management levels beneath the Management Board, the proportion of women is 16%.

**+ On the “SpeakUp” whistleblower platform, infringements of legal regulations, such as bribery, extortion, embezzlement, or theft, can be reported.**

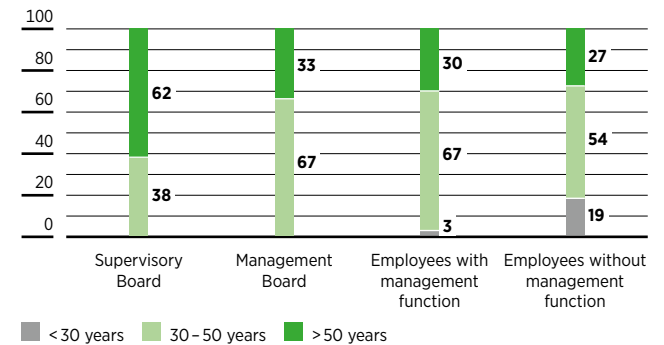
## Diversity by gender

Expressed as a percentage



## Diversity by age group

Expressed as a percentage



# EMPLOYEE DEVELOPMENT

Only with skilled employees can MANN+HUMMEL achieve its aim of being the market leader in filtration. The education of an employee forms only the foundations of his qualifications. The challenges a person faces in their professional life change constantly, thus simultaneously offering the opportunity and making it necessary to develop further. MANN+HUMMEL supports its employees in their life-long learning process. On the one hand, the development of employees lies within the sphere of responsibility of the management staff. On the other hand, Human Resources also plays a leading role in the process. The corporate department defines concepts in the areas of talent management, training and education and career planning, and supports their implementation.

## Training and target agreements

Within the framework of the “Fit for Performance” program, we focused on the systematic development of our employees. Professional training that is required from an operational perspective is just as much a part of the program as annual goal-setting and feedback processes.

+ The “About Me” platform provides employees, management staff and HR managers with a shared resource for discussing the career goals of employees. +

This makes it easier for the company to realize the individual development of employees. Furthermore, a systematically performed successor management system helps us to identify succession risks quickly and at an early stage and to initiate the future career steps of our employees today. Development plans for top talents with proposed career steps constitute another element. MANN+HUMMEL has also developed an annual, Group-wide feedback process and implements this worldwide for all employees. Management staff are encouraged to speak to employees about their plans for the future and to agree development plans.

## Function-specific training

The **Fit for Profession** program features function-specific training courses and academies which aim to qualify employees in the various work areas. In order to better harmonize the development of employees with the business strategy, we strengthen their technical expertise in functional academies. We foster excellent developers of filtration technology within the framework of a specialist career path. In the area of sales, employees can expand their expertise at a newly instituted, function-specific training academy. In addition, MANN+HUMMEL is testing virtual learning methods.

## Management training

Our Code of Conduct describes the role of our managers in interaction with their employees: They should work to increase employees' identification with the company and take a trustworthy and open approach when working with others and in teams. Moreover, it is their task to assess employees regularly and fairly and to foster and encourage them individually as a coach. The “Academy”, a new personnel development program, was introduced for our 100 top talents in 2019.

# MANN+HUMMEL IS PART OF THE COMMUNITY

MANN+HUMMEL has a long tradition of commitment to the local community. In the 1950s and '60s, our company founders were already demonstrating this commitment through **housing development programs** for their employees and the institution of a corporate health insurance company. To this very day, MANN+HUMMEL continues to contribute to the local communities at its locations. We maintain partnerships with not-for-profit organizations and support our employees with their voluntary work. The business activities of MANN+HUMMEL are not independent of political framework conditions. We are profiting from global economic processes and so also want to support these. It is with great concern that we note a rise in national demarcation and protectionist tendencies; we fear that these will have a negative impact on the business development of the MANN+HUMMEL Group.

## Memberships and external initiatives

Companies and representatives of the MANN+HUMMEL Group are members of various economic, research and professional associations. In 2019, these included: American Filtration & Separation Society, Cluster Electric Mobility South-West, DECHEMA e.V./VDI-GVC, Deutsche Kautschuk-Gesellschaft e.V., Filtech Exhibitions Germany GmbH & Co. KG/Filtech, Förderverein des Instituts für Energie- und Umwelttechnik e.V., Förderverein Zentrum für Brennstoffzellentechnologie,

Forschungs-Gesellschaft Verfahrens-Technik e.V., Forschungsvereinigung Verbrennungskraftmaschinen e.V., Fraunhofer IPA Stuttgart, Graduate School of Excellence Advanced Manufacturing Engineering Universität Stuttgart, IHK für Oberfranken Bayreuth, Industrial Consortium SimTech e.V., Institut für Energie- und Umwelttechnik e.V., International Standardization Organization, Neue Materialien Bayreuth, PLM-Benutzergruppe e.V., Sächsisches Textilforschungsinstitut e.V., Verband Deutscher Maschinen- und Anlagenbau e.V., the Economic Council of the CDU and VDA Finances Working Group.

At our headquarters, we cooperate with the LivingLab in Ludwigsburg, a group of stakeholders from the worlds of business, politics and science. This knowledge and innovation network meets regularly to discuss the goal of developing Ludwigsburg as a smart city.

## Location decisions

We were also able to complete some interesting acquisitions last year, including the purchase of Hardy Filtration and a 25% stake in Seccua Holding. Seccua Holding is a global innovation and technology leader in the treatment of drinking water with ultrafiltration systems and is a partner for drinking water suppliers, public buildings, and private households. Hardy Filtration offers a complete range of products and services in the area of HVAC filtration, dust collectors, compressed air treatment systems, and filters for private households. These acquisitions have strengthened our market position.

## Employee commitment and partnerships

In 2019, MANN+HUMMEL also supported numerous social projects all over the world with a great deal of commitment. At many locations, MANN+HUMMEL maintains partnerships with not-for-profit and public institutions. **In total, almost EUR 400,000 was donated across all locations.**

In the USA, we supported various organizations, including United Way in North Carolina, with the aim of promoting sustainable developments in the region by funding programs. Focus areas include education, financial stability, health, and ensuring basic social needs. To this end, we also support the non-profit organization Holy Angels, for example by sponsoring a gold event with organized bowling teams taking part in their annual fundraising campaign. Holy Angels supports people with disabilities in the community. With the Boys and Girls Club of America, we take part in various programs to support boys and girls clubs: From financial donations for afternoon and summer programs for underprivileged youth to taking over a sponsorship for a child who receives clothes, personal items, and gifts from us, as well as a sponsorship for school materials.

In Portage, we supported the Family and Children's Fund for the Kalamazoo and Calhoun counties. Our employees bought food, household items, and toys that families in need had previously put on a wish list.

In Dunlap, we donated USD 2,000 to purchase a special tricycle that will help a physically challenged child who lives there regain mobility.

In Argentina, we have been supporting the Garrahan Children's Hospital for many years. In Colombia, we donated to the Fundación Proyecto Unión – Hogar Santa Rita de Cascia kindergarten.

## The MANN+HUMMEL Foundation

The MANN+HUMMEL Foundation was set up in 1991 to mark MANN+HUMMEL GmbH's 50th anniversary and had 500,000 Deutsche Marks at its disposal. To mark its 75th anniversary in 2016, MANN+HUMMEL has increased the foundation capital to EUR 750,000. **The purpose of the foundation is to provide youth welfare services, and to support gatherings for young people from different countries in particular.** In 2019, the MANN+HUMMEL Foundation supported the exchange between pupils and young people as part of the town twinning relationship between Ludwigsburg and Montbéliard (France), Caerphilly (Great Britain), Yevpatoriya (Ukraine), St. Charles (USA), Nový Jičín (Czech Republic), and Sasa (Israel). In addition to the traditional student exchange, the extensive program included a soccer tournament between DJK Ludwigsburg and FC Bart-Montbéliard, a handball exchange between TV Plugfelden and ASCAP Montbéliard, a benefit concert with the Moscow musician Viliam Khailo in Ludwigsburg, and a German-Israeli student exchange, which brought a total of 16 students from Anne Frank High School in Sasa and the Upper Galilee to Ludwigsburg.



## VALUE ENDURANCE

Innovation is a fundamental value at MANN+HUMMEL. It is something we believe in, encourage, and demand. And it is part of the professional responsibility of each individual. Because we want to pro-actively approach new developments instead of just reacting to them.

While innovation always means change, this change is necessary to ensure the long-term value of our products and services for stakeholders and the environment. This is particularly true in the areas of health, safety, energy consumption, emissions, and wherever there are direct impacts on the environment. A perfect example of this is our HEPA Filter Nanoclass Cube N: An innovation that is technically pioneering and at the same time generates important value: **namely clean breathing air.**

→ [Link to the page](#)



### HEPA FILTER NANOCLASS CUBE N: THERE IS NOTHING IN THE AIR

Whether in industrial ventilation systems, clean room applications, or the medical field: The robust HEPA Filter Nanoclass Cube N reliably removes harmful particles from supply and exhaust air systems. It also reliably prevents contamination through the ventilation system itself. It has a large active media area and is designed for large air volumes of up to 4,000 m<sup>3</sup>/h. Nevertheless, the design is compact and space-saving. The filters are classified according to the EN 1822 Standard and guarantee a separation efficiency of 99.95% (H13) or 99.995% (H14) of the particle size with the worst separation performance MPPS (Most Penetrating Particle Size), typically in the size range from 0.12 µm to 0.25 µm – roughly the size of many virus types.

# RESOURCE CONSUMPTION AND EMISSIONS

As an industrial enterprise, MANN+HUMMEL uses energy primarily for the production of its goods. This places a burden on natural resources and involves the production of CO<sub>2</sub> and other emissions. We recognize that our value creation process has a negative impact on the environment and we want to minimize these effects.

**+ Our Code of Conduct emphasizes: “Environmental protection and resource conservation as well as waste avoidance are of high priority in the product lifecycle, both in the development and manufacture of products.”**

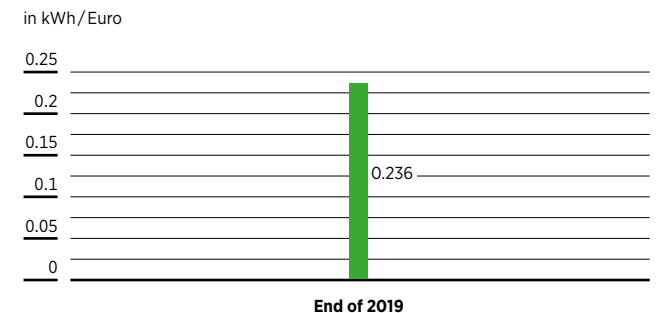
Because of their relevance, we focus on the impact and sustainability of our production and peripheral processes, such as compressed air supply and tool cooling. Other starting points for saving energy include climate control and lighting in buildings. This has both an environmental and economic component, as energy costs have a negative effect on our profit. At the same time, many of our customers from the automotive and mechanical engineering industries expect transparency with regard to our energy consumption and emissions. This gives us an additional incentive to exploit savings potential and reduce the carbon footprint of our company and thus of our customers’ end products too. In this way, we are increasing MANN+HUMMEL’s competitiveness and meeting the growing expectations of society.

Since 2018, all production locations of the MANN+HUMMEL Group in the Transportation business segment, which accounts for 97% of sales, are certified to the international standard for environmental management systems **ISO 14001**. German locations are also validated according to **EMAS** by external environmental experts.

## Increasing energy efficiency and reducing emissions

**+ The Operations department is responsible for the energy-efficient and low-emission design of production processes and buildings. This includes plant and production planning and facility management as well as maintenance and repair. The Quality & HSE (Health Safety and Environment) corporate department analyzes energy consumption and CO<sub>2</sub> emissions at the individual locations and reports on this in the Management Review. It supports initiatives, shares best practices, and promotes standardization. Supply Chain Management is responsible for the purchasing and transport of goods as well as the associated energy consumption and CO<sub>2</sub> emissions. MANN+HUMMEL is committed to continuously reducing emissions for every product manufactured. The majority of our emissions are associated with the use of energy. **Energy efficiency is therefore the key to further reducing our emissions.** We monitor emissions at location level and carry out improvements based on the analysis of production processes and location-specific requirements. In this context, the Quality &**

### Energy efficiency



As MANN+HUMMEL’s KPI for energy efficiency has been redefined and is not comparable with the previous year’s figures, it is no longer possible to show the historical development. Energy efficiency now describes the ratio of energy consumption to production volume; the value at the end of 2019 refers to the moving average over 12 months.

<b>Environmental indicators<sup>1</sup></b>	<b>2019</b>	<b>2018</b>	<b>Delta in %</b>
<b>Energy consumption in MWh</b>	<b>501,927</b>	<b>504,756</b>	<b>-1</b>
Electricity	313,006	316,764	-1
District heating <sup>2</sup>	2,048	428	
Geothermal energy	653	724	-10
Combustibles	185,495	186,158	-0.4
Natural gas	171,494	171,864	-0.2
LPG/propane	9,348	9,753	-4
Heating oil	4,653	4,541	2
Fuels	724	682	6
Diesel	679	625	9
Gasoline	46	57	-21
<b>Greenhouse gas emissions in tCO<sub>2</sub>e</b>	<b>169,811</b>	<b>177,083</b>	<b>-4</b>
Scope 1 <sup>3</sup>	29,117	29,193	-0.3
Combustibles	28,901	29,004	-0.4
Fuels	216	189	14
Scope 2 <sup>4</sup>	140,694	147,890	-5
Electricity	139,478	147,715	-6
District heating <sup>2</sup>	1,216	175	

<sup>1</sup> The data relate to the parent company MANN+HUMMEL, which accounts for approximately 75% of sales. We are continuously working on a uniform database and the integration of acquisitions.

<sup>2</sup> In 2019, one site reported the use of district heating for the first time, resulting in a sharp increase in the amount of energy reported. Therefore, no direct comparison is made.

<sup>3</sup> Scope 1 emissions are produced during combustion in heating systems/engines owned or controlled by MANN+HUMMEL.

<sup>4</sup> Scope 2 emissions are produced during the production of electricity and district heating purchased by MANN+HUMMEL.

HSE corporate department has established an HSE improvement program together with the MANN+HUMMEL Group locations. With in these programs, ideas up to and including concrete projects, with which the locations can reduce their energy consumption and, indirectly, their emissions, are developed and monitored. The corporate department conducts a monthly progress review with management from the respective regions and from corporate headquarters.

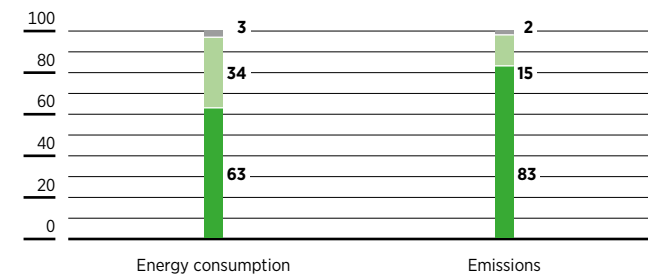
In absolute terms, there was a minimal decrease in energy consumption in 2019 compared to the previous year. Drivers behind energy consumption included the installation of thermal afterburning systems in Fayetteville and the increased use of air conditioning units at various production locations. The focus of the cost-saving measures was once again on replacing conventional lighting with LED technology. By replacing drives as well as cooling and heating equipment and using modern control systems, electrical energy consumption was reduced by 1.3 GWh. This equates to a calculated emission saving of 675 t CO<sub>2</sub>.

In 2019, MANN+HUMMEL took part in the **Carbon Disclosure Project (CDP)** for the fourth time and disclosed its energy and carbon emissions data to customers.

**CDP is a global system for the publication of environmental data. It enables companies, cities, countries and regions to measure and control their environmental impact.**

### Energy and emissions by energy source 2019

Expressed as a percentage



■ Electricity ■ Natural gas ■ Other

## Further development of data analysis and standards

In the year under review, MANN+HUMMEL further supplemented and listed its greenhouse gas emissions within the framework of internal optimization processes. Since 2017, Scope 3 emissions have been examined along with Scope 1 and Scope 2 emissions.

The carbon footprint of MANN+HUMMEL and its supply chain was examined on the basis of consumption, literature references, and projections, in order to make the relevant influencing factors visible. As a result, the huge importance of the supply chain was made visible for the first time. In order to make the entire carbon footprint, including the use phase of our products, visible to our customers, there are plans to carry out an LCA (Life Cycle Assessment) for a typical MANN+HUMMEL product segment as part of a pilot project.

# OCCUPATIONAL HEALTH AND SAFETY

MANN+HUMMEL bears responsibility for the safety of its employees. Everyday working life involves risk, particularly in connection with production processes. Employees in logistics can also be exposed to dangers. Accidents and illnesses that affect employees are a burden on the people concerned and have an impact on our productivity. This is dealt with in our Social Charter: **“Occupational health and safety, and the protection of the environment are given a high priority in the MANN+HUMMEL Group.”**

We are also committed to the target of “zero accidents” in our management policy. MANN+HUMMEL’s responsibility toward its employees is also expressed in our Code of Conduct: “Our internal processes ensure that we provide healthy workplaces. Any potential deficits in this area are rectified immediately.”

## Occupational health and safety

We take occupational health and safety as well as environmental protection into consideration in all relevant business processes linked with our management system. The Quality & HSE corporate department steers and coordinates occupational health and safety at global level. It examines data on the accident rate and the severity of accidents at location, regional and global level on a monthly basis. Operations plans and monitors production processes and real estate within the MANN+HUMMEL Group. This includes plant planning, production planning, facility management, maintenance and production.

In this process, working conditions are evaluated and the right conditions for occupational health and safety are created. Managers from Operations are trained by HSE experts at the respective locations. This forms the basis for healthy and safe working. The 2016 **Health, Safety and Environment (HSE) Big Rules** (page 37) are implemented at the locations and are part of team discussions and actions. **The HSE Big Rules strengthen awareness in relation to the responsibility of each individual for occupational health and safety and environmental protection.** They are binding for all employees worldwide. In 2019, the Transportation segment began to introduce a global occupational safety management system in accordance with ISO 45001. The standard defines requirements for occupational health and safety organization. These requirements must be represented in corporate processes and put into practice. The objective of ISO 45001 is to systematically and preemptively identify and continuously minimize health risks in the workplace in order to be able to avoid health problems, injuries and accidents at work. The advantages of the common integrated management system are exploited by expanding existing global processes and standardizing new HSE-specific processes throughout the Group where appropriate. In a 3-step plan, 16 locations will be certified in 2020 including the headquarters, 4 locations will be certified in 2021 and 14 in 2022. Over the last 6 years, the company has been able to further reduce the number of accidents per hour worked. Nevertheless, patterns of dangerous situations have been identified across all transport locations. These are being incorporated into the further development of our HSE risk assessment. We call our program for further development Risk Assessment + (Plus).

### Occupational health and safety 2019<sup>1</sup>

	2019	2018	
Accident frequency rate	2.7	3.1	<b>Number per million working hours</b>
Accident severity rate	81.4	74.0	<b>Days per million working hours</b>
Absence rate	4.5	4.1	<b>%</b>

<sup>1</sup> Excluding the acquisitions WIX-FILTRON, MICRODYN-NADIR, TriSep, Jack Filter, Vokes Air, Oltremare and Tri-Dim. We are continuously working on a uniform database and the integration of acquisitions.

The accident frequency rate counts accidents resulting in a loss of at least one working day. The accident severity rate states the total number of working days lost. The absence rate includes absences due to illness, accidents, recovery and therapy, divided by scheduled working hours. There were no deaths in 2019.

## Uniform conditions

With an HSE improvement program and the establishment of a corresponding global database, MANN+HUMMEL has made individual plant projects for improving occupational health and safety transparent for other locations. This is intended to prompt comparable initiatives throughout the Group. MANN+HUMMEL uses standardized methods for occupational safety at all its locations, in particular for HSE governance, HSE risk analysis, and HSE error-cause analysis.

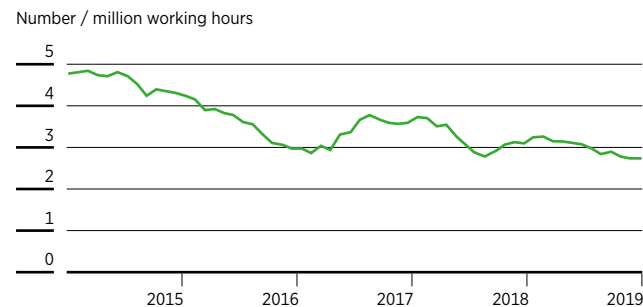
## Health management

MANN+HUMMEL aims to promote all processes, which give employees greater self-determination with regard to their health and enable them to improve and maintain their health. Occupational health management is part of the Human Resources corporate department. Health management at German locations is based on an internally developed five-pillar model. On the basis of this model, MANN+HUMMEL aims to cover all aspects of health and to improve physical, mental and social well-being. **The five pillars are work-life balance, health promotion, demographic management, occupational integration management and occupational health and safety.** In Germany, we are in a partnership with the mhplus corporate health insurance company. We host regular cooperative events at MANN+HUMMEL locations.

### Five pillars of health



### Development of the accident frequency rate in the last 5 years



The graph shows the moving average of the accident frequency rate over the last 5 years. The accident frequency rate quantifies the number of accidents resulting in the loss of at least one working day. Since the beginning of 2015 until the end of 2019, MANN+HUMMEL reduced the accident frequency rate from 4.8 to 2.8 accidents per million working hours. This corresponds to a reduction of 43%.

# SUPPLY CHAIN

Value-based corporate governance and economic, environmental and social responsibility transcend the boundaries of a company. MANN+HUMMEL believes that the business activities of its suppliers should have a minimal negative impact on the environment and society. We therefore work with suppliers who share our expectations and our commitment to sustainable business. Our customers are increasingly looking at the impact made not only by our business, but also by that of suppliers, and are demanding transparency. This applies across the entire global supply chain and is thus an important issue for all areas of the MANN+HUMMEL Group. Compliance with all legal requirements by our suppliers is thus not only required for compliance reasons, but also has a direct impact on our competitiveness. Every new MANN+HUMMEL supplier therefore undergoes a central, multi-stage approval process. As part of this process, workflow-based specific information on the supplier's corporate social responsibility is requested. Within the MANN+HUMMEL Group, the **Supply Chain Management** department is responsible for selecting our suppliers and communicating our expectations in consultation with the specialist departments. Furthermore, the merging of the Purchasing and Logistics departments to form Supply Chain Management has resulted in better networking and more efficient processes.

## Purchasing at a glance

### EMPLOYEES



300 in the Purchasing department

### PURCHASING VOLUME



2,623.5 million

### MAIN PURCHASING REGION



America, Europe, Asia

### MAIN APPLICATION AREAS OF BOUGHT-IN GOODS



Manufacture of filtration systems and technical plastic parts for the automotive and mechanical engineering industries

### KEY PRODUCT GROUPS



Filter media, steel, and stamped parts, plastic granulates and parts, rubber parts and seals

### PRODUCTION MATERIAL AND TRADING GOODS



62% production material and 38% non-production material

## Size and structure

The global **purchasing volume** of the MANN+HUMMEL Group amounted to EUR 2,635 million in 2019 (+0.5% compared to 2018). 63% of this amount is attributable to production materials and 37% to merchandize parts, non-production materials and services.

The key product groups are filter media, steel and stamped parts, plastic granulates and parts as well as rubber parts and seals. We use these products for the manufacture of filtration systems and technical plastic parts for the automotive and mechanical engineering industries in particular. Our competence in the processing of plastic and in the area of filter media is evident in the success of the MANN+HUMMEL brand in the Automotive Original Equipment market and of our aftermarket brands MANN-FILTER, WIX Filters, FILTRON as well as Purolator. Non-production materials include, amongst others, the areas of facility management, IT, consumer goods, logistics, energy and travel.

## Environmental protection

MANN+HUMMEL requires its suppliers to monitor their processes with respect to their environmental impact, to improve them and to have them certified according to **EMAS, ISO 14001** or comparable standards. MANN+HUMMEL requires each new supplier of production material to provide a supplier self-assessment, which includes

issues in relation to the environment and environmental protection, among others. By doing so, we ensure that the supplier has written environmental guidelines and targets for environmental protection.

**+ We also audit every new supplier of production material with respect to quality as well as their environmental management and hazardous materials, water and wastewater, waste management and technology.**

The MANN+HUMMEL general conditions of purchase stipulate that the supplier must comply with all applicable environmental legislation. The continuous improvement of corporate environmental protection and the prevention of environmental damage must be systematically safeguarded.

## Humane and environmentally friendly extraction of materials

Our general conditions of purchase include an obligation on the part of every supplier to comply with the requirements of the EU regulation on chemicals **REACH. Products that are not fully compliant with the requirements of REACH may not be supplied to MANN+HUMMEL.** Furthermore, in accordance with the quality assurance agreements

that we conclude with every supplier of production material, the supplier is obliged to use only certain materials. These must meet the requirements of all valid statutory technical safety regulations in the areas of health, safety and environment as well as all relevant technical standards in the country of production and internationally. Our Supplier Manual, which MANN+HUMMEL provides to all of its suppliers, contains instructions and regulations concerning issues such as REACH and IMDS. MANN+HUMMEL expects its suppliers from the automotive industry to use the International Material Data System (IMDS). Beyond the automotive industry, we require comparable declarations to REACH, which are updated twice a year. All suppliers that use the **conflict minerals** wolframite, cassiterite, columbite, tantalite, or gold are obliged to declare the origin of the materials. If they source conflict minerals from unregistered foundries or refineries, we ask them to have them registered in accordance with the Responsible Minerals Initiative (RMI) or to switch their sources of supply. We also ask our suppliers to make provisions for corresponding regulations vis-à-vis their suppliers.



## Fair working conditions

Last year, MANN+HUMMEL drew up and published a separate Code of Conduct for suppliers in order to give greater priority to this topic. This Code of Conduct forms part of the contracts with our suppliers. By signing the MANN+HUMMEL general conditions of purchase, suppliers confirm that they comply with the MANN+HUMMEL Code of Conduct in the performance of their services. In accordance with the MANN+HUMMEL Social Charter, they are also obliged to respect human rights, respect labor standards and not to tolerate any discrimination or forced or child labor. By accepting the general terms and conditions, the supplier also commits to combating corruption and bribery. All of our orders and the Supplier Manual also contain a direct reference to the Code of Conduct. In the event that the supplier infringes these obligations, MANN+HUMMEL shall be entitled to withdraw from the contract without prejudice to any further claims. MANN+HUMMEL uses supplier audits to check whether suppliers are producing in an environmentally and socially responsible manner. In doing so, we take into account the issues of occupational health and safety as well as human rights, child labor, and forced labor. **To date, MANN+HUMMEL has never had to terminate a business relationship due to a violation of applicable law or the Code of Conduct.**

## VALUE ORIENTED

What does it mean to act in a value-oriented way?

For us at MANN+HUMMEL it means developing products and solutions which reflect our core values. It also means growing sustainably into new markets. And it means not only being a technological leader, but also a social and environmental one.

We also expect everyone we work with to act responsibly, throughout the entire supply chain – in the areas of anti-corruption, competitiveness, environmental responsibility, or human rights. After all, we are not alone: **What we produce and how we work are always part of the bigger picture.** Just like our fuel cells: A functioning end product can only be created if the many individual components work together perfectly.

→ [Link to the case](#)

→ [Link to the video](#)



### COMPONENTS FOR FUEL CELLS: CLEAN INTO THE FUTURE

The fuel cell is a promising concept. But the system is extremely sensitive: many components react sensitively to particles, harmful gases and water in the intake air. In addition, harmful gases can damage the catalytic converter. Cooling is also a major challenge. The solution from MANN+HUMMEL is therefore not a single product, but rather the interaction of several optimally matched components which ensure a highly efficient supply of clean air to the fuel cell and an optimum cooling circuit: from cathode filter systems and water separators to broadband dampers, humidifiers and coolant particle filters to ion exchanger filters.

# GENERAL COMPLIANCE WITH THE LAW, ANTI-CORRUPTION REGULATIONS AND COMPETITION LAW

In its Code of Conduct, MANN+HUMMEL makes a clear commitment to upholding applicable laws and general social, environmental and ethical principles. They form the basis of all corporate decisions. The Code of Conduct contains clear regulations to ensure fair competition and to prevent bribery. Along with responsibility for laws and statutes, avoiding violations of the law is part of MANN+HUMMEL's overall risk management. Violations of the law within the company would result in legal and financial penalties, damage to the company's image and economic losses. Measures aimed at ensuring compliance are communicated in our key sectors and are thus one of the elements that influence competitiveness. We strive to ensure the integrity of the entire MANN+HUMMEL Group in the long term. We do this through a structured compliance management system.

## Compliance Management System

The basis of our Compliance Management System is a firmly established compliance culture, which is expressed in the Code of Conduct and in our values. Our stated objective, which is supported in every respect by management, is to put our corporate values into practice and bring our business in line with all legal requirements. We rely on a strong, global compliance organization, which supports employees in the implementation of compliance objectives. Risk analyses form the basis of our compliance programs. We therefore regularly introduce measures in our daily business, which contribute to reducing risks. We raise awareness among employees through communication campaigns. Finally, monitoring instruments help to

### Compliance Management System



ensure the effectiveness of the selected measures and to eliminate possible weaknesses.

## Culture and objectives

MANN+HUMMEL has had a firmly established and anchored compliance culture for many years. The MANN+HUMMEL Code of Conduct comprises the fundamental behavioral guidelines for the entire Group. It is our main instrument for the implementation of objectives in the area of compliance. It contains guidelines for basic behavior, dealing with business partners and third parties and avoiding conflicts of interest. The Code of Conduct also covers the use of company assets, the protection of information and data as well as the environment, health and safety. It is stated categorically here: "Breaches of the law, of contracts, or of the Code of Conduct will not be tolerated and may lead to work sanctions." We deal with possible antitrust violations more specifically: "Competition motivates us to produce our best performance. However, reliable business partnerships that benefit everyone can only be based on fair competition and strict compliance with the law." **The environment is also covered by the Code of Conduct: "We give a high priority to protecting the environment and natural resources in both our development and production processes."** MANN+HUMMEL aims to ensure that its employees identify with the company values and that the business is managed in accord-

ance with all legal requirements. It is therefore described clearly in the corporate values: "Our Code of Conduct governs everything we say and do." The **HSE Big Rules** (Health, Safety and Environment, see page 37) focus attention on the issues of occupational health and safety and environmental protection. They strengthen awareness regarding the responsibility borne in these areas by each individual. The HSE Big Rules apply to all employees worldwide.

## Organization

Every unit of the MANN+HUMMEL Group is essentially responsible for ensuring that our business activities are conducted within the framework of all valid laws. Our Compliance Management System is supported by the **Corporate Compliance Officer. Regional Compliance Officers** in the various parts of the world support the Corporate Compliance Officer. The corporate and regional functions Operations and Quality & HSE play a pivotal role in the context of compliance with environmental legislation. Operations plans and monitors production processes and real estate within the MANN+HUMMEL Group. Those responsible for plant planning, production planning, facility management as well as maintenance and repair act on the basis of the respective legal conditions. "Quality & HSE" analyzes the energy consumption, waste management and CO<sub>2</sub> emissions of the individual locations.

## Risk analysis and program

In 2019, further optimizations were made to the MANN+HUMMEL Compliance Management System. Raising awareness among employees was continued through e-learning content and classroom training. In addition to anti-corruption and antitrust law topics, the training content also covered data protection. The overwhelming majority of employees have successfully completed the various training courses – mostly via e-learning. In 2020, e-learning programs on the subject of "information security" are to be expanded.

The detailed, practical instructions for correct conduct towards business partners enable employees to handle the majority of all business transactions independently, such as dealing with invitations and gifts.

**+ The Code of Conduct states the following regarding corruption: "MANN+HUMMEL succeeds due to the price, performance, quality, and suitability of the products and services it offers. We do not give or receive bribes, even if this results in a business transaction not taking place."** +

MANN+HUMMEL regularly reviews the effectiveness of its Compliance Management System for newly added companies.

## HSE BIG RULES

### EQUIPMENT



We are trained to work with equipment and hazardous substances.

### ENVIRONMENT



We take care of the environment by reducing energy consumption and waste.

### SAFETY DEVICES



We never bypass or switch off protection and safety measures.

### PROTECTION



We always wear defined personal protective equipment (PPE).

### CONCENTRATION



We keep concentrated on the task we are doing.

### ATTENTION



We assure immediate containment for every risk and accident and notify our supervisor.

## Communication

MANN+HUMMEL launched a worldwide communication campaign in 2017 to raise awareness about compliance instruments. 25,000 copies of the revised Code of Conduct were distributed in 18 languages. In 2018 and 2019, the focus was on consolidating the content in the everyday life of the employees. In addition, employees in companies that are not yet fully integrated into the IT structures of MANN+HUMMEL IT or do not have a PC were trained in groups using videos. Both the e-learning formats and the classroom-based training courses are available in different languages so that they reach as many MANN+HUMMEL employees as possible. In the training we make it clear that every employee is obliged to follow and comply with national and international rules governing fair competition and not to take actions that would be in breach of antitrust law. We explain that every employee must be restrained and cautious in their approach to gifts, invitations and other donations, and that business partners should not be offered anything which could be regarded as an attempt to influence their business decisions. We also emphasize the need to comply with the relevant environmental legislation and to correct potential irregularities without delay.

Certain groups of employees, such as sales, purchasing and all managers, are required to deal responsibly with compliance issues to a greater extent due to their areas of responsibility. **That's why we provide these 6,000 or so employees with special training in the areas of anti-corruption and antitrust law.** By 2018, we had already trained more than two thirds of this employee group worldwide. Employees

whose activities have a direct impact on the environment are being trained individually in **environmentally friendly behavior**.

## Monitoring and improvement

We regularly review our Compliance Management System. Various reporting paths have been established to assist in the identification of possible compliance violations. In 2017, MANN+HUMMEL launched the **whistleblower platform “SpeakUp”**, where employees as well as customers and suppliers can provide information about possible compliance violations – anonymously if preferred. The whistleblower platform was welcomed by employees and used for reporting purposes in 2018. In 2019, local telephone numbers were added to the service, for the USA for example. It is an effective instrument for the identification of misconduct and for the detection and elimination of weaknesses in the system. Alternatively, employees can opt to contact the Corporate Compliance Officer directly or **indirectly through external ombudspersons**. MANN+HUMMEL has appointed ombudspersons in almost every country where it has its own locations. They are bound by an obligation of confidentiality and forward reports to the Corporate Compliance Officer without disclosing the identity of the employee in question.

In addition to providing ad hoc reports as needed, the Corporate Compliance Officer provides information about compliance cases to the Management Board and family representatives every three months and to the Supervisory Board and Works Council once a year.

In the reporting period, MANN+HUMMEL was the subject of a preliminary investigation under competition law. As the procedure is still ongoing, no further details can be given at present.

The Quality & HSE corporate department has internal **HSE Legal Compliance Audits** carried out by all locations annually. These audits are also performed by independent external experts every three years. The audit questions are based on local legal and technological requirements. A HSE alert system takes effect in the event of infringements. Depending on the severity of an infringement, targeted information may be sent all the way up to the Management Board. The internal audit department audits the implementation of the updated Code of Conduct as well as the execution of employee training. The internal audit department is also responsible for compliance audits.

## Further implementation and increased monitoring

Through the measures described here, we have successfully increased awareness in relation to compliance – and thus also corruption and antitrust law – across the entire MANN+HUMMEL Group and incorporated it into the new business units in the MANN+HUMMEL Group. Personal training and e-learning courses will be provided to inform employees and to deepen their knowledge of the relevant regulations.

# FAIR WORKING CONDITIONS AND ANTI-DISCRIMINATION

The increasing globalization of goods and capital markets has enabled MANN+HUMMEL to establish global production and sales networks. These worldwide networks bring with them a social responsibility to act in accordance with the basic principles that govern how people live and work together. Forced labor and child labor are not ethically justifiable. Furthermore, equal treatment of all people means that discrimination against specific employee groups, minorities or individual employees is not acceptable. MANN+HUMMEL is fully aware of its general responsibility as a globally acting company.

**+ In its Social Charter, MANN+HUMMEL clearly positions itself in favor of freedom of choice for employees and against child labor and discrimination.**

On this basis, the company seeks to pursue opportunities for business success and job creation, while keeping potential risks to a minimum. Ultimately, this is important for international competitiveness. We take information about potential discrimination in the company very seriously and seek detailed clarification of the circumstances. In some circumstances this may involve disciplinary action in order to ensure compliance with **anti-discrimination regulations**.

## Joint declaration

The Group management team and the national and international employee representatives have agreed on the principles of social and societal responsibility as well as common goals for the entire MANN+HUMMEL Group in a Social Charter. They are based on the international labor and social standards of the International Labor Organization (ILO), a special agency of the United Nations.

In the same way as the guidelines laid down in the Code of Conduct, the Social Charter is part of the corporate culture and is an expression of the self-image of the MANN+HUMMEL Group. It forms the basis for the internal and external activities of the company and its employees.

They include **freedom of choice for employees**. We are completely opposed to forced and compulsory labor, including debt bondage and involuntary prison labor, in accordance with the definitions in **ILO conventions 29 and 105**. Furthermore, child labor will not be accepted under any circumstances by MANN+HUMMEL. The MANN+HUMMEL Group complies with the general regulations concerning the minimum age of employment. MANN+HUMMEL prohibits discrimination.

**+ Instead, we guarantee equal opportunities and equal treatment, regardless of ethnicity, skin color, gender, religion, or nationality.**

The same applies to sexual orientation, social background, or political views, provided that these are based on democratic principles and tolerance of people with different opinions. Employees are not given preference or put at a disadvantage owing to their membership of a company employee organization. Anti-discrimination also applies to remuneration. MANN+HUMMEL Group observes the legally guaranteed minimum wage, the minimum standards of the relevant national sectors of industry and the current situation on the labor market, regardless of gender or other aforementioned characteristics. The importance of the regulations in the Social Charter and the corporate values is also emphasized in the MANN+HUMMEL management system: "We are committed to our responsibility toward our employees and provide them with a first-class working environment. This is therefore expressed in our FILTER values and our Social Charter."

## Communication

The content of the Social Charter is communicated within the MANN+HUMMEL Group in the relevant national language – in some cases in the form of online training. The local employee organizations are consulted to determine the type of information on the basis of the overall communication strategy of the MANN+HUMMEL Group. We encourage **business partners and suppliers** of the MANN+HUMMEL Group to introduce and implement similar principles in their companies and to incorporate them into their corporate policy. We view this as a prerequisite for long-term business relationships.

## Organization and monitoring

The corporate Human Resources department is responsible for defining employment relationships within the MANN+HUMMEL Group. Furthermore, the Corporate Compliance Officer is responsible for investigating possible violations of the legal conditions and discrimination cases. If an employee has questions about the Social Charter or information about a possible breach of the regulations in this joint declaration, they can speak directly to their manager, their local employee organization, or the external ombudspersons appointed by MANN+HUMMEL. In 2019, on the basis of information received, four internal processes were optimized in order to eliminate the causes of future misconduct. Reports in connection with harassment allegations led to dismissal in one case and a warning in another.

Employees who report a possible breach of the law or of the Social Charter do not therefore need to be concerned about negative consequences. Once a year, a consultation process takes place with the **European Works Council** regarding compliance with the objectives and implementation principles of the Social Charter.



# GRI CONTENT INDEX

# GRI CONTENT INDEX



## COMPANY AND REPORT PROFILE

GRI Standards and disclosures	Title	Pages / information
<b>GRI 101:2016 FOUNDATION</b>		
<b>GRI 102:2016 GENERAL DISCLOSURES</b>		
<b>Organizational profile</b>		
102-1	Name of the organization	MANN+HUMMEL GmbH
102-2	Activities, brands, products, and services	6
102-3	Location of headquarters	Ludwigsburg, Germany
102-4	Location of operations	3
102-5	Ownership and legal form	6
102-6	Markets served	13-14
102-7	Scale of the organization	16
102-8	Information on employees and other workers	18
102-9	Supply chain	32
102-10	Significant changes in the organization and its supply chain	Annual Report 2019: 22-28
102-11	Precautionary principle or approach	6
102-12	External initiatives	23
102-13	Membership of associations and interest groups	23
<b>Strategy</b>		
102-14	Statement from senior decision-maker	5
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	6
<b>Governance</b>		
102-18	Governance structure	Annual Report 2019: 8, 9, 111
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	7
102-41	Collective bargaining agreements	19
102-42	Identifying and selecting stakeholders	7
102-43	Approach to stakeholder engagement	7
102-44	Key topics and concerns raised	7

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

The GRI Materiality Disclosures Service was performed on the German version of the report.

## COMPANY AND REPORT PROFILE

GRI Standards and disclosures	Title	Pages / information
<b>Report profile</b>		
102-45	Entities included in the consolidated financial statements	7
102-46	Defining report content and topic boundaries	7
102-47	List of material topics	8
102-48	Restatements of information	None
102-49	Changes in reporting	7
102-50	Reporting period	January 1 – December 31, 2019
102-51	Date of most recent report	July 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	48
102-54	Claims of reporting in accordance with the GRI Standards	7
102-55	GRI content index	42
102-56	External assurance	No external assurance

**MATERIAL TOPICS**

Disclosure	Title	Pages / information	Reason for omission
<b>INNOVATION</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	11	
	Innovation projects	11, 13	
<b>PROFITABILITY</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	16	
<b>GRI 201:2016 ECONOMIC PERFORMANCE</b>			
201-1	Direct economic value generated and distributed	3	
<b>LOCAL RESPONSIBILITY AND ENGAGEMENT</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	23–24	
<b>GRI 203:2016 INDIRECT ECONOMIC IMPACTS</b>			
203-1	Infrastructure investments and services supported	23–24	
<b>GRI 413:2016 LOCAL COMMUNITIES</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	23	
<b>ANTI-CORRUPTION AND FAIR COMPETITION</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	35–38	
<b>GRI 205:2016 ANTI-CORRUPTION</b>			
205-2	Communication and training about anti-corruption policies and procedures	37–38	
<b>GRI 206:2016 ANTI-COMPETITIVE BEHAVIOR</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	38	

**MATERIAL TOPICS**

Disclosure	Title	Pages / information	Reason for omission
<b>ENERGY</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	26-27	
<b>GRI 302:2016 ENERGY</b>			
302-1	Energy consumption within the organization	27	
302-3	Energy intensity	26	
302-4	Reduction of energy consumption	27	
<b>EMISSIONS</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	26-28	
<b>GRI 305:2016 EMISSIONS</b>			
305-1	Direct (Scope 1) GHG emissions	27	
305-2	Energy indirect (Scope 2) GHG emissions	27	
305-5	Reduction of GHG emissions	27	
<b>ENVIRONMENTAL AND SOCIOECONOMIC COMPLIANCE</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	35-38	
<b>GRI 307:2016 ENVIRONMENTAL COMPLIANCE</b>			
307-1	Non-compliance with environmental laws and regulations	None	
<b>GRI 419:2016 SOCIOECONOMIC COMPLIANCE</b>			
419-1	Non-compliance with social and economic laws and regulations	None	

**MATERIAL TOPICS**

Disclosure	Title	Pages / information	Reason for omission
<b>SUSTAINABLE SUPPLY CHAIN</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	31-33	
<b>GRI 308:2016 SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
308-1	New suppliers, who are reviewed on the basis of environmental criteria	32	
<b>GRI 412:2016 HUMAN RIGHTS ASSESSMENT</b>			
412-2	Employee training on human rights policies or procedures	39	
<b>GRI 414:2016 SUPPLIER SOCIAL ASSESSMENT</b>			
414-1	New suppliers that were screened using social criteria	33	
<b>EMPLOYMENT AND COMMUNICATION</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	18-20	
<b>GRI 401:2016 EMPLOYMENT</b>			
401-1	New employee hires and employee turnover	20	
<b>GRI 402:2016 LABOR/MANAGEMENT RELATIONS</b>			
402-1	Minimum notice periods regarding operational changes	18	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	29-30	
<b>GRI 403:2016 OCCUPATIONAL HEALTH AND SAFETY</b>			
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	29-30	
<b>TRAINING AND EDUCATION</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	22	
<b>GRI 404:2016 TRAINING AND EDUCATION</b>			
404-2	Programs for upgrading employee skills and transition assistance programs	22	
404-3	Percentage of employees receiving regular performance and professional development reviews	22	

**MATERIAL TOPICS**

Disclosure	Title	Pages / information	Reason for omission
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	21, 39-40	
<b>GRI 405:2016 DIVERSITY AND EQUAL OPPORTUNITY</b>			
405-1	Diversity of governance bodies and employees	21	
<b>GRI 406:2016 NON-DISCRIMINATION</b>			
406-1	Incidents of discrimination and corrective actions taken	40	
<b>PREVENTION OF CHILD, FORCED AND COMPULSORY LABOR</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	39-40	
<b>GRI 408:2016 CHILD LABOR</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	39	
<b>GRI 409:2016 FORCED OR COMPULSORY LABOR</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	39	
<b>CUSTOMER HEALTH AND SAFETY</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	15	
<b>GRI 416:2016 CUSTOMER HEALTH AND SAFETY</b>			
416-1	Assessment of the health and safety impacts of product and service categories	15	
<b>PRODUCT INFORMATION</b>			
GRI 103:2016 103-1/103-2/103-3	Management approach	16	
<b>GRI 417:2016 MARKETING AND LABELING</b>			
417-1	Requirements for product and service information and labeling	16	

# IMPRINT/CONTACT

## **Publisher**

MANN+HUMMEL  
International GmbH & Co. KG  
Ludwigsburg / Germany

## **Responsible**

Gudmund Semb  
Chief Marketing and Communications Officer  
MANN+HUMMEL

## **Project management**

Zuzana Bastlova  
Manager Corporate Design & Services  
MANN+HUMMEL

## **Consultant for materiality and**

### **GRI reporting**

Sustainserv GmbH,  
Zurich/Switzerland and Boston/USA

## **Layout and production**

wob AG  
Viernheim/Germany

## **Picture credits**

GettyImages: Pages 1, 17, 34  
iStockphoto: Page 9  
MANN+HUMMEL: Pages 5, 9, 10, 25  
Pixabay: Page 9

## **Contact**

If you have any further questions, you can submit them to our contact for corporate responsibility and sustainability at MANN+HUMMEL.

[Info@mann-hummel.com](mailto:Info@mann-hummel.com)  
[www.mann-hummel.com](http://www.mann-hummel.com)

[www.mann-hummel.com/responsibility](http://www.mann-hummel.com/responsibility)



