

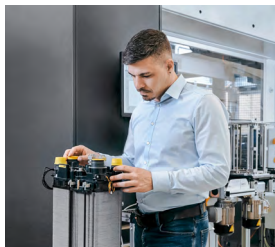
SUSTAINABILITY REPORT

2020



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Ladies and gentlemen,

2020 was an unprecedented and extremely challenging year, one in which the coronavirus pandemic triggered numerous lockdowns, border closures, flight bans, and other drastic measures all over the world. While the economy held its proverbial breath during this period, nature was able to breathe deeply for the first time: According to initial estimates by the World Meteorological Organization (WMO), daily global CO₂ emissions fell by up to 17 percent, while the restrictions imposed as a result of the coronavirus pandemic were at their most severe and are likely to have declined by up to 7.5 percent averaged out across the year. These are no grounds for celebration, however, because the drop in emissions resulting from the lockdowns will probably only ever be a minor dip along a long-term emissions curve that actually needs to go down significantly if we are to combat global warming.

The decarbonization of our planet is and will remain the most important priority of our century, one that can only be achieved as a joint effort. There are some clear parallels between the handling of the coronavirus pandemic and climate change that give me confidence that the latter will be mastered successfully. First, it was the capacity for innovation that attempted to contain the pandemic globally with breathtaking speed through the development and production of vaccines. It will also have a key role to play in tackling climate change as a way of accelerating decarbonization, even though the size and timescale of the problem are completely different to the circumstances of the coronavirus. Second, our handling of the pandemic also showed how people are willing to make far-reaching changes to their behavior and take countermeasures

when danger is at the door. We at ElringKlinger are also working tirelessly to reduce our environmental footprint on an ongoing basis, because decarbonizing the world's industrial companies will be a key lever in the fight against climate change. We have therefore set ourselves the target of becoming carbon-neutral in net terms by 2030 in respect of our Scope 1 and Scope 2 emissions.

I would like to warmly invite you to read this latest Sustainability Report and find out more about how we are driving forward the transformation of our product portfolio and doing our bit to protect the climate, also through our production activities. The "Responsibility for Employees" section also reveals how we have overcome the challenges during the coronavirus pandemic together with our staff in the spirit of "#oneEK – strong together." Our Sustainability Report concludes with a few interesting stories about our social commitment in the 2020 financial year. They encapsulate what drives and motivates us: our customers, our environment, our employees, and our society.

I hope you find it a thoroughly absorbing read.

Regards,



Dr. Stefan Wolf
Chief Executive Officer

We at ElringKlinger are working tirelessly to reduce our environmental footprint on an ongoing basis. «

Dr. Stefan Wolf,
Chief Executive Officer of ElringKlinger AG



REPORT PROFILE AND REPORTING PERIOD

With this Sustainability Report 2020, ElringKlinger informs about comprehensive, transparent details of sustainability issues for what is now the tenth year in a row. This is because the Group feels a duty to make a major contribution to sustainable development that goes beyond the legal requirements and to share this information with its stakeholders.

The report illustrates the company's performance based on non-financial indicators that measure ElringKlinger's activities and their environmental and social impact. More financial background information and details of the company's business model, financial targets, and business performance in 2020 can be found in the Annual Report.

In late March 2021, ElringKlinger published a combined non-financial report, reviewed as part of an assurance engagement by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, to cover the disclosure of non-financial information that is required by law. To avoid repeating content already contained in the non-financial report, we have inserted references at certain points in this report.

Structure

ElringKlinger presents its main achievements in the areas of economic, environmental, and social sustainability in a transparent manner in this report. The underlying strategies and the progress made in the reporting year are discussed in four focus areas: Products and Innovation, Environment and Quality, Responsibility for Employees, and Social Commitment. These are supplemented by more in-depth insights into selected themes in the respective section.

Reporting period, scope of the report, and other observations

Unless otherwise indicated, the reporting period covers the 2020 financial and calendar year (January 1 to December 31). This report is intended for all interested stakeholders and covers the most important sustainability activities of the entire ElringKlinger Group.

Equity investments and companies outside the reporting entity are not included in this report. For reasons of linguistic simplification, we have avoided the use of gender-specific language forms in the majority of cases. General terms thus refer to all people regardless of their gender. The figures in this report are rounded where appropriate.

The Sustainability Report is available in German and English. Other related topics are available online.

COMPANY PROFILE

ElringKlinger AG

Over a period of more than 140 years, what is now ElringKlinger AG has grown from a simple trading company for technical products and services into a global, independent development partner and mass-producer for the automotive industry with a clear focus on environmentally friendly mobility products. ElringKlinger offers a tailored solution for all drive systems in cars and commercial vehicles. The Group was quick to position itself as an electromobility specialist in the battery and fuel cell technology segment with both components and systems. The group also offers the production of electric drive units and their components. Its lightweighting products help to reduce the weight of vehicles, enabling them to consume less fuel and emit less CO₂. ElringKlinger also

leverages the experience it has gained from years of manufacturing well-established components to develop dynamic precision parts, sophisticated sealing systems, and smart shielding solutions for electric vehicles. The product portfolio is complemented by engineering services and products made from the high-performance plastic polytetrafluorethylene as well as from thermoplastics, which also find use outside the automotive industry.

ElringKlinger employs nearly 10,000 people at 45 production and sales locations around the world. It has a global presence, with a total of 39 manufacturing plants in 21 countries. The Group includes 39 individual enterprises. The parent company, ElringKlinger AG, has its registered office in Dettingen/Erms, Germany. Many of the Group's manufacturing plants

have been built in close proximity to its customers and/or suppliers in order to reduce delivery times and keep transport routes as short as possible. In the majority of cases, ElringKlinger holds a Tier 1 supplier position within the automotive industry value chain. This means that it maintains a direct line of contact with vehicle and engine manufacturers. The Group's customer base includes the majority of the world's well-established producers.

The ElringKlinger Group's operating business is divided into four segments: Original Equipment, Aftermarket, Engineered Plastics, and Other. The Original Equipment segment, in turn, comprises several business units. More details of the Group structure can be found in the 2020 Annual Report (p. 22).



GROUP REVENUE

EUR
1,480.4
million



OPERATING FREE CASH FLOW

EUR
164.7
million



PATENTED IDEAS²

86



VOCATIONAL TRAINEES AND
INTERNAL STUDENTS

170



RATIO OF PERFORMANCE
ASSESSMENTS

73%

OPERATING RESULT (EBIT)

EUR
27.7
million

EQUITY RATIO

41.4%

R&D RATIO¹

5.1%

EMPLOYEES

9,724

STAKEHOLDER DIALOGUE

ElringKlinger operates within a network consisting of multiple players and participants who are associated with the company – directly or indirectly and in either an active or a passive role. They can be divided into various groups with an interest or concern in the company – so-called stakeholders.

ElringKlinger's strategically important stakeholders are those groups that are particularly key to its success as a company. They include the Group's employees, customers, business partners, and suppliers as well as shareholders and potential investors. Additionally, they include representatives of governments and the authorities, the general public and the media, NGOs, and associations as well as the scientific and academic community.

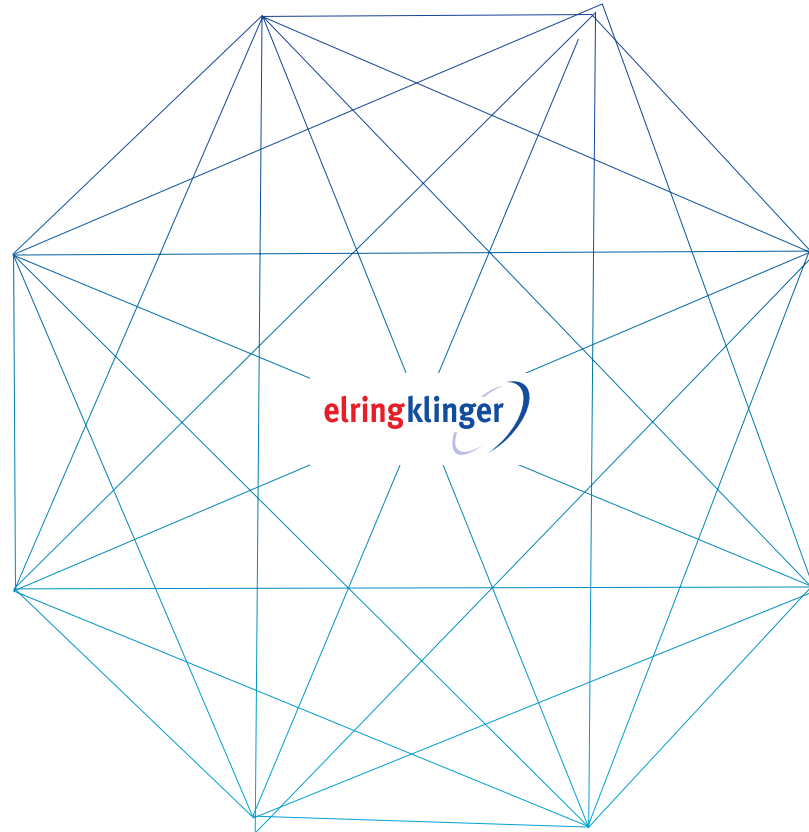
Stakeholders can influence the actions of the ElringKlinger Group through their activities and decisions – and vice versa. The Group is therefore committed to engaging in an ongoing dialogue with all its interested parties, even though individual groups have very different – sometimes even opposing – interests and concerns. This is because dialogue generates important impetus that is crucial to the Group's positive continued development.

ElringKlinger keeps in touch with its various stakeholders in different ways and with varying degrees of frequency. For example, customers are looked after personally by key account managers from the Sales team. Shareholders and investors are provided with a steady stream of information in digital form regarding company developments and are entitled to participate in the Annual General Meeting, various capital market events, and company visits. Employees are updated on the latest developments at the company via their line managers, the intranet, and regular company meetings.

- Primary stakeholders
- Secondary stakeholders

For ElringKlinger, it is important that relationships with its stakeholders are underpinned by mutual respect. We are receptive to dialogue as well as to a transparent exchange of

views and experiences, but also to constructive debate on controversial issues – all these aspects are important prerequisites for our continuous development.



THE FOUR SPHERES OF SUSTAINABILITY ACTIVITY



Within the four spheres of activity defined by the company – Products and Innovations, Environment and Quality, Responsibility for Employees, and Social Commitment – the ElringKlinger Group takes every opportunity to act in a sustainable manner and in a way that provides the greatest possible value for the community as a whole. In this context, strategic decisions and business development are influenced by trends and external conditions. At the same time, however, ElringKlinger also helps shape the environment in which it operates through activities in these spheres. The model provides examples of sub-areas and measures through which ElringKlinger can exert ecological and social influence. Some of these are outlined on the following pages.





PRODUCTS

AND

INNOVATIONS

Capacity for innovation is one of our greatest strengths. We are already working on the technologies of tomorrow – and they promise a great deal. Major groundwork was laid for the future during the 2020 financial year in the area of fuel cells in particular. In cooperation with Airbus, ElringKlinger is entering the aviation industry armed with the high power density of its fuel cells. The company has also established the joint venture EKPO Fuel Cell Technologies together with Plastic Omnium, a major milestone on the road to speeding up the marketing of completed research and development work. All this is being done with a single aim in mind: Accelerating the development of hydrogen-powered mobility and thus making carbon-neutral mobility a reality.

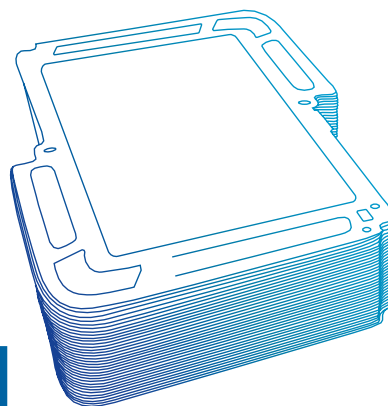
RESEARCH & DEVELOPMENT. FOR A SUSTAINABLE FUTURE.

As well as being highly relevant to our company, sustainability is also becoming an increasingly important issue for our customers – and we want to lend them our active support in this area. As development partners to automotive manufacturers, therefore, we are working hard to come up with sustainable solutions that help to increase the efficiency of vehicles and cut their emissions. Industry experts are expecting several different technologies to exist in parallel. While the market for combustion engines gradually shrinks, that for alternative drive systems will grow. ElringKlinger is addressing this trend with a broad range of development projects that include fuel cell and battery technology as well as developing its traditional business further.

Research and development (R&D) expenditure, including capitalized development costs, amounted to EUR 76.1 million in the 2020 financial year (2019: EUR 80.8 million). This equates to an R&D ratio of 5.1% (2019: 4.7%), which is within the target range of around 5–6%. Although most of the expenditure was attributable to the Lightweighting/Elastomer Technology and E-Mobility units, ElringKlinger also pushed on with development projects in traditional product areas such as shielding technology and sealing technology to make vehicles more efficient with the help of technical optimizations.

It is the Group's employees whose tinkering, thinking, testing, and tweaking combine to make the future slightly more sustainable. Day in, day out, they actively embrace the culture of innovation that allows them to see things beyond their own horizons. Despite the challenging circumstances caused by the coronavirus pandemic, ElringKlinger nevertheless

EUR
76.1
million



were spent on research and development in 2020.

	2020	2019
R&D expenditure ¹ (in EUR million)	76.1	80.8
R&D ratio ¹	5.1%	4.7%
Capitalization ratio ²	16.2%	20.7%
Patent applications	86	81
R&D staff	623	611

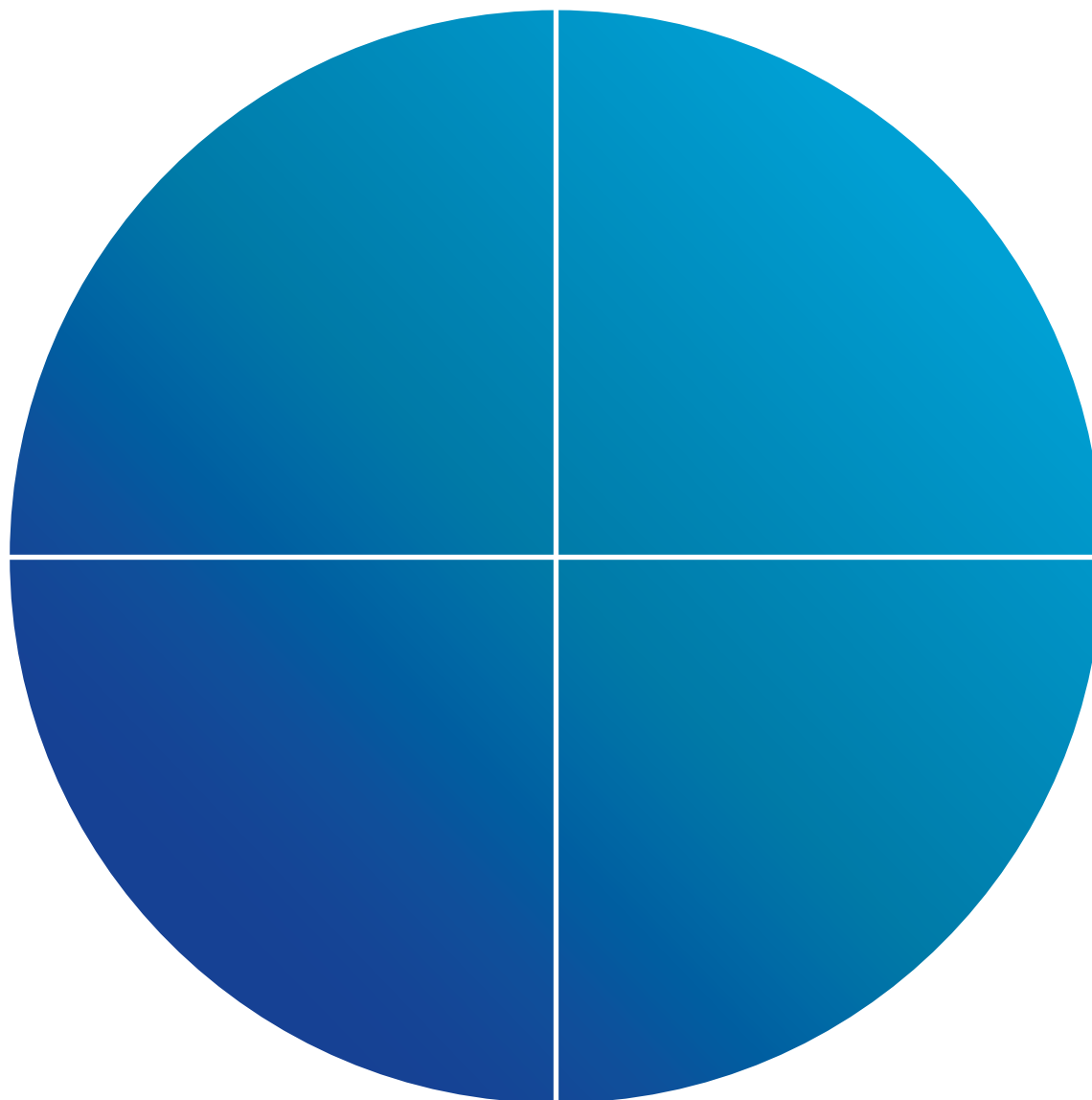
¹ Including capitalized development costs

² Capitalized development costs in relation to R&D costs including capitalized development costs

increased its R&D headcount to 623 in the 2020 financial year (2019: 611). ElringKlinger has largely centralized its R&D operations to prevent technology transfer and a “brain drain.” These development activities are mainly concentrated at the Original Equipment and Engineered Plastics sites in Germany and at the US sites in the Detroit area and Michigan. All the company's other sites largely handle comparably minor development tasks and adjustments.

Besides maintaining a central R&D organization, protecting its intellectual property rights is also a core component of ElringKlinger's R&D work. A total of 86 property rights were registered in 2020, 41 of which relate to batteries and fuel cells. Intellectual property rights are protected in order to prevent fakes and secure the potential return on the investments made in researching and developing the products at an early stage. Protection against imitations of ElringKlinger products is guaranteed by ensuring that products are only sold to customers by ElringKlinger directly and by applying distinctive features to the products themselves. A thorough quality assurance process also inspects raw and other materials received from suppliers to exclude the possibility of raw materials being contaminated or counterfeited.

THE ELRINGKLINGER PORTFOLIO: TRANSFORMATION IN FOUR PRODUCT AREAS



ElringKlinger AG has divided its product portfolio into the four strategic areas of transformation. In the field of electromobility, ElringKlinger has positioned itself with battery technology, fuel cell technology, and the electric drive unit. Products originating from the traditional field of mobility are also undergoing "transformation" at ElringKlinger. The interior of an e-vehicle needs to be shielded too, which is why the business areas centered around established forms of mobility can also be considered future-proof. The area of lightweight construction is independent of the type of drive system. In fact, plastic and structural lightweight components are always in demand. The product portfolio is complemented by ElringKlinger's well-established aftermarket business, tool engineering, and R&D services as well as the manufacture of non-automotive products made of high-performance plastics.

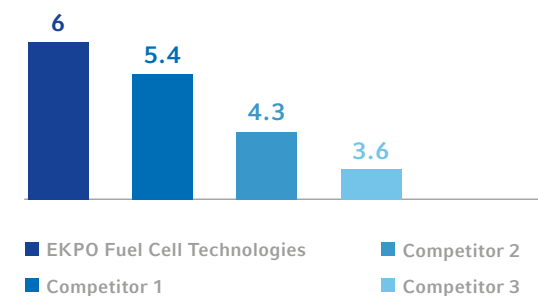
THE FUEL CELL. WITH MAXIMUM POWER DENSITY.

The engineers in ElringKlinger's research and development departments recognized the fuel cell's potential to deliver emission-free propulsion as long ago as the late 1990s, at a time when virtually no other company in our industry was looking at this groundbreaking technology. The Group's experience with coating, stamping, punching, and laser welding in particular as well as in developing and manufacturing plastic parts and gaskets gives it some decisive advantages in the fuel cell segment.

ElringKlinger's metallic bipolar plates are punched with a high degree of precision and perform several tasks at the same time: They keep media separate and distribute them inside the cell stack, they ensure that stacks are cooled evenly, and they transmit electrical current to the adjacent cells. The product range also includes complete PEMFC stack modules consisting of bipolar plates, membrane electrode assemblies, and gaskets as well as end and media modules. In addition, ElringKlinger has developed three different standardized stack platforms: the NM5, NM9, and NM12. The outstanding power density that ElringKlinger is capable of achieving was particularly key to some of the crucial groundwork that it laid in 2020 and that is set to bring about a major leap in fuel cell technology.

For instance, the company joined forces with Plastic Omnium in the fall of 2020 to inject new momentum into developing hydrogen-powered mobility. ElringKlinger holds 60% and Plastic Omnium 40% of the shares in the new entity set up for the purpose, EKPO Fuel Cell Technologies. While ElringKlinger is contributing the technological expertise, over 150 staff, more than 150 patents, research and development work, component activities for the fuel cells, and the fuel cell stack platforms, Plastic Omnium is supporting the new company to the tune of EUR 100 million in order to accelerate its innovations, grow its commercial pipeline, and increase its production capacity. The new venture is aiming to achieve a market share of 10% to 15% by 2030, which equates to revenue of between EUR 700 million and EUR 1 billion. Just a

POWER DENSITY (KW/LITER)



few months after commencing operations, EKPO Fuel Cell Technologies won its first large-scale order for series production from the Aachen-based mobility company AE Driven Solutions GmbH. The contract is worth tens of millions of euros, and production is set to start in 2022.

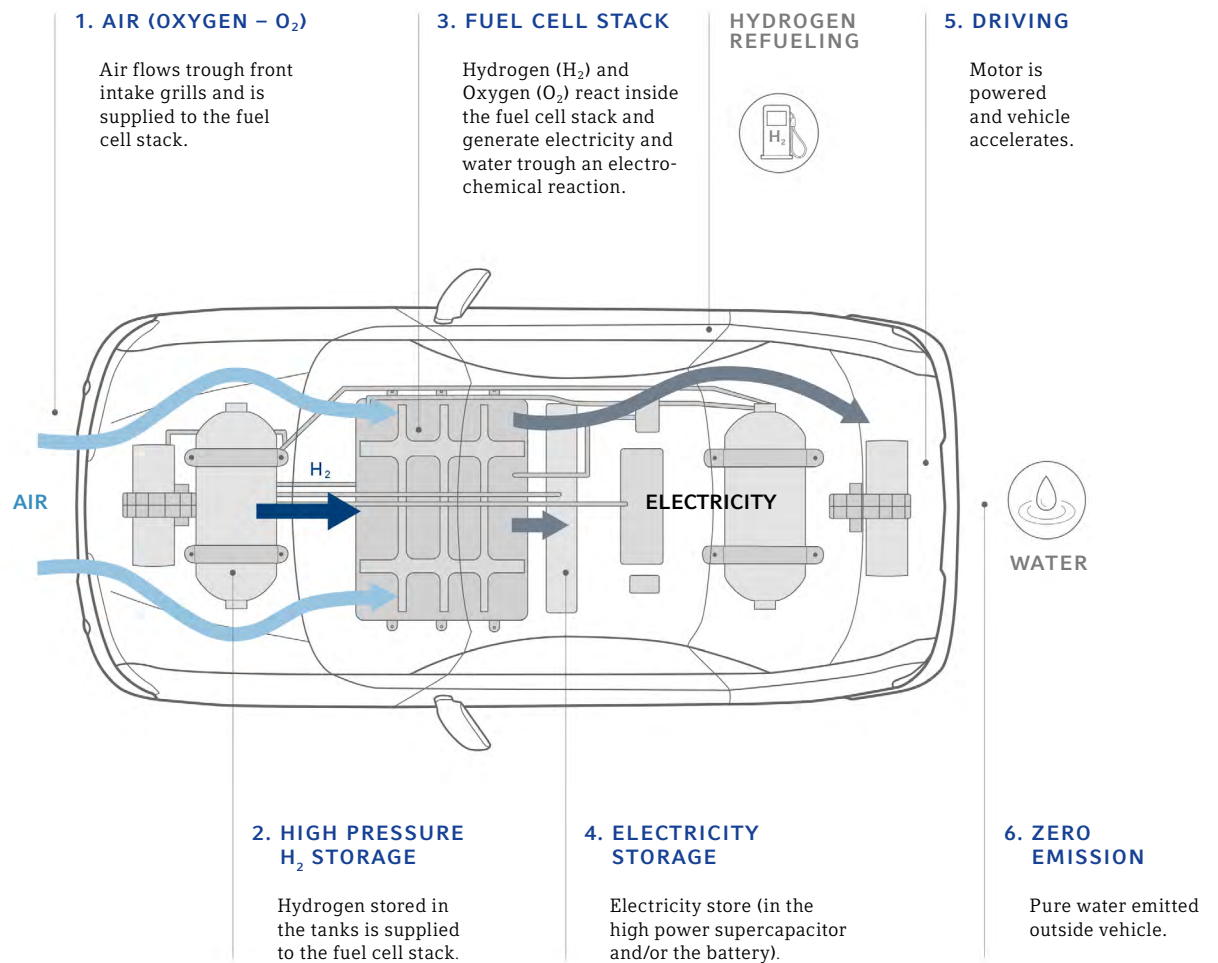
The impact of fossil fuels on the environment is also considered an important issue in the aviation industry. With this in mind, the aerospace group Airbus is working towards CO₂-neutral aviation. In this context, the fuel cell is one of the key technologies when it comes to making mobility as climate-neutral as possible. ElringKlinger came to the attention of Airbus as part of its market analyses. The industry-leading power density of ElringKlinger-developed fuel cell stacks was particularly

convincing. For this reason, ElringKlinger will henceforth be working with Airbus in a strategic partnership to develop a hydrogen drive system with fuel cells for aircraft, with the aim of also significantly reducing emissions in the aviation sector through the use of new forms of propulsion.

“GiantLeap,” another project secured in 2020, is focused on cutting the total operating costs of a fuel cell bus, which is to be achieved mainly by increasing the cells’ service life. The fuel-cell-based Range Extender System integrated in a trailer serves primarily to validate the technology used for this purpose. ElringKlinger also entered into a partnership for fuel cells with the Dutch vehicle manufacturer VDL Bus & Coach, which is geared toward making customized fuel cell stacks for passenger transport. Both projects are managed by the Austrian subsidiary ElringKlinger Fuelcell Systems Austria GmbH, which specializes in fuel cell system solutions and has since been acquired by Plastic Omnium.

Besides the extensive number of small- and large-scale orders that it has received, the Group is supporting the Forze Hydrogen Electric Racing Team at Delft University of Technology. The student-designed, hydrogen-powered racing car has already smashed several records, including for the fastest hydrogen-powered car around the Nürburgring for their “Forze VI” model. As a non-profit foundation, the motorsport team gets all its funding from partners and sponsors. ElringKlinger will thus be kitting out its next generation of vehicles, the “Forze IX,” with two fuel cell stacks from the NM12 platform. This will give the Forze Hydrogen Electric Racing Team access to innovative technology, while ElringKlinger will be able to test out the performance capabilities of its fuel cell stacks under extreme real-life conditions.

THE PRINCIPLE OF OPERATION



BATTERY TECHNOLOGY. ELRINGKLINGER STILL POWERING ON.

Electric vehicles were still something of a rarity on our roads not so long ago. Nowadays, however, they have become commonplace – not least thanks to the ever-increasing range of models available and the government incentives encouraging people to buy one. This trend is being accelerated by an ambitious plan to be unveiled by the EU Commission in 2021, under which the average annual emissions of new cars must be 55% lower than 2021 levels by 2030 and 100% lower by 2035. This is a target that will impact on all aspects of automotive manufacturing.

Thanks to the company's many years of forward-looking development work, even electric vehicles that were being brought onto the market at a time when e-mobility had not yet achieved universal acceptance contained components made by ElringKlinger. And the Group has been continuously expanding its product portfolio ever since in line with its customers' requirements. Besides a wide range of individual components such as cell contact systems, cell housings, module connectors, and pressure equalizers, the Group also offers high-performance modules in prismatic and cylindrical designs as well as complete battery systems.

The field of battery technology is experiencing steady growth. In order to expand the business unit's production capacity

70 meters

– the length of the highly automated production line in Thale, Saxony-Anhalt.

and pool its range of activities, the Group therefore made the decision in 2020 to set up at a new site in Neuffen, not far from the Group headquarters. In future, a Sales team, Battery Development, Prototyping, Quality Control, Project Management, and Industrial Engineering will work together at this location. Investments were also made with regard to battery technology at ElringKlinger's plant in Thale, Saxony-Anhalt. The first widely automated series production line for high-performance battery modules is located in a space initially spanning 5,000 square meters. The new production line

extends over a length of 70 meters with a maximum production capacity of 300,000 battery modules per year. Setting new standards: this is the Group's largest interconnected production line to date.

ElringKlinger's commitment to the IPCEI project and its plant expansion in Neuffen, together with the highly automated series production facility already installed, clearly illustrate that it is actively driving forward the transformation process and positioning itself within the electric vehicle market.





ENVIRONMENT AND QUALITY

ElringKlinger applies its environmental and energy management policy in a targeted manner to reduce the environmental impact of its business activities both at its own sites and, increasingly, along the whole of its value chain. This comprises the certified environmental and energy management system that has been introduced across the Group as well as its ongoing measures to conserve resources.

21.7%

Direct and indirect CO₂ emissions fell by a total of 24,970 tons or 21.7% to 90,330 tons in the 2020 financial year.

Emissions

In order to reduce the factors that drive its own environmental footprint, ElringKlinger logs Group-wide energy and resource consumption and uses these figures to calculate its emissions. Direct and indirect CO₂ emissions fell by a total of 24,970 tons or 21.7% to 90,330 tons in the 2020 financial year (2019: 115,300 tons). Measured per EUR 1 million of revenue, ElringKlinger reduced its CO₂ emissions by as much as nearly 9% year on year. This sharp fall is chiefly attributable to the coronavirus pandemic, which caused a reduction in production capacities across the world in the 2020 financial year. This was a necessity at some production sites in order to curb the spread of infection. However, production downtime was also due partly to supply-side bottlenecks.

Direct CO₂ emissions attributable directly to business activity made up 23% of total emissions in 2020 (2019: 22%). Within the Group, they largely result from the consumption of gas and heating oil. Direct CO₂ emissions fell to 19,900 tons during the reporting year (2019: 24,300 tons), as less gas and heating oil was consumed due to the fall in production resulting from the pandemic, while staff working from home also meant that office space required less heating for a time. Direct CO₂ emissions also include those generated by the Group's own fleet and its rental vehicles during the reporting year. Fundamentally, the Group endeavors to purchase new vehicles in as high a CO₂ efficiency class as possible. As of December 31,

CO₂ emissions

	2020	2019
Total direct and indirect CO ₂ emissions in t	90,330	115,300
CO ₂ emissions per EUR 1 million of revenue in t	61.0	66.8
Total direct CO ₂ emissions in t ¹	20,870	25,500
of which direct CO ₂ emissions from gas, oil, engine test benches, etc. in t	19,900	24,300
of which direct CO ₂ emissions by the vehicle fleet in t ²	970	1,200
Total indirect CO ₂ emissions in t	69,460	89,800
of which indirect CO ₂ emissions from electricity in t ³	68,700	84,800
of which indirect CO ₂ emissions by air travel in t ^{4,5}	760	5,000

¹ For the parent company ElringKlinger AG, gas, oil, engine test benches, etc. produced 10,800 tons (2019: 12,200 tons) of direct CO₂ emissions. Direct CO₂ emissions by ElringKlinger AG's vehicle fleet amounted to 750 tons (2019: 800 tons).

² Emissions are calculated by multiplying the annual mileage of vehicles by the CO₂ emissions stated by the relevant vehicle manufacturer. The fleet of company vehicles includes all vehicles at ElringKlinger sites in Germany. The figures for rental vehicles also include the Rest of Europe, the USA, and Canada.

³ For the parent company ElringKlinger AG, 19,800 tons (2019: 26,300 tons) of indirect CO₂ emissions arose from electricity.

⁴ For ElringKlinger AG, air travel produced 600 tons of CO₂ emissions in 2020 (2019: 4,200 tons).

⁵ Air travel relating to sites in Germany, Austria, Switzerland, France, and Hungary as well as centrally recorded flight bookings for the sites in Italy, Turkey, and the USA.

2020, the company fleet comprised 225 vehicles (2019: 235 vehicles), including an increased number of electric and hybrid vehicles. The company also has a fully hydrogen-powered vehicle at its disposal for the first time. For these reasons, the average CO₂ emissions per vehicle (including rental vehicles) amounted to 133 g/km in the reporting year (2019: 137 g/km).

2020 also saw an encouraging trend in indirect CO₂ emissions attributable to purchased goods and services, which fell by 20,340 tons or 22.7% on the figure reported for 2019. This was due in part to the coronavirus bringing about lower electricity consumption and a sharp fall in air travel.



The increased use of hybrid and electric vehicles is bringing about a sustained fall in direct CO₂ emissions.

ElringKlinger operates CHP units, wind turbines, and solar installations at some sites to protect the environment and become more independent of electricity suppliers.

Energy consumption

ElringKlinger works tirelessly toward further reducing its energy and resource consumption through continuous process optimization, the procurement of energy-efficient equipment, and regular building maintenance, among other things. With a total of 39 production sites worldwide, ElringKlinger needs a constant supply of energy. ElringKlinger operates combined heat and power (CHP) units, wind turbines, and solar installations at some sites to protect the environment and become more independent of electricity suppliers. The sharp fall in capacity utilization at the production plants as a result of the coronavirus pushed absolute energy consumption down to 269,800 MWh in 2020 (2019: 303,200 MWh). Electricity consumption decreased by 12%, gas consumption by 8% and heating oil consumption by 44% compared to the previous year. Nominally on 1 million euros turnover, however, energy consumption increased slightly by 3.4%, as even during production shutdowns the buildings have low electricity, gas and heating oil consumption.

Investing in the environment

When deciding on investments, the focus is always on environmental aspects alongside technical requirements and value for money. Although we regard this climate-conscious stance as self-evident, this is not sufficient in itself. ElringKlinger has therefore set itself the goal of investing approximately one percent of total annual investments in initiatives aimed at cutting emissions. However, the coronavirus pandemic also had an impact on the Group's capital expenditure in 2020. For instance, investments in property, plant, and equipment and in investment properties held as a financial investment were down by over a third compared with the previous year. Some 0.8% of this capital expenditure went toward measures designed to reduce emissions including procuring LED lamps, purchasing heat recovery systems for new buildings, and investing in software technology for greater smart control of energy consumption.



The coronavirus pandemic resulted in a marked fall in emissions at ElringKlinger.

	2020	2019
Absolute energy consumption (electricity, gas, and other energy sources) in MWh ¹	269,800	303,200
of which electricity consumption in MWh ²	177,000	201,100
of which gas consumption in MWh	94,700	103,200
of which heating oil and fuel in MWh	3,400	6,100
Absolute energy consumption per EUR 1 million in revenue in MWh	182	176
Electricity consumption per EUR 1 million in revenue in MWh ¹	120	116

¹ Excludes electricity generated using company CHP units

² Includes electricity generated using company CHP units.

Water and wastewater

ElringKlinger monitors water consumption across the Group in accordance with applicable ISO 14001 certification. As a basic principle, all employees worldwide are encouraged to use water and wastewater sparingly and, needless to say, observe the relevant legal regulations. Individual sites take their own action to optimize water consumption and the production of wastewater. As with the indicators discussed above, the falls in production associated with the coronavirus pandemic also impacted the Group's water consumption, which dropped to 171,658 m³ (2019: 236,915 m³).

Biodiversity

ElringKlinger did not identify any impact on nature conservation areas or biodiversity caused by its operating activities in 2020. Most of the production facilities operated by the Group are located in designated business and industrial parks, usually in close proximity to the premises of large automobile manufacturers and suppliers. This allows the Group to shorten transport routes and keep both costs and emissions as low as possible.

Shortening transport routes allows ElringKlinger to keep both costs and emissions as low as possible.

Conflict minerals

ElringKlinger uses the International Material Data System to ensure that it handles raw materials responsibly. The system serves to show ElringKlinger and its customers all the material and chemical compositions of the components and semi-finished products that the company manufactures. It lets all major automotive and other suppliers pool their data in a single system and create transparency regarding all constituent materials, allowing components to be disposed of in an environmentally friendly way at the end of their useful lives. The platform also enables the respective countries of origin of the raw materials to be checked.

ElringKlinger avoids the use of raw and other materials that were not extracted or produced in an environmentally or socially compatible manner or in compliance with human rights obligations. The most-affected conflict and high-risk zones include countries hit by (civil) war, those suffering instability in the wake of a conflict, or those where governance is weak or lacking entirely and citizens' and human rights are systematically infringed. The so-called conflict minerals include tantalum, tin, tungsten, and gold, among others. Although ElringKlinger



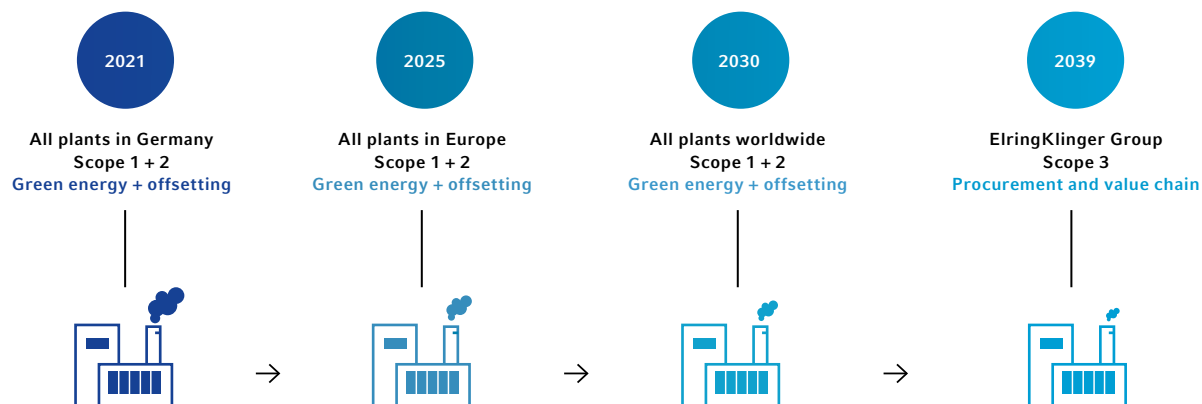
The International Material Data System creates transparency regarding the constituent materials of all the products fitted inside a car.

requires very small amounts of these raw materials to manufacture its products, it does not obtain them from countries in conflict zones. The Group also makes sure that these materials do not come from relevant countries when purchasing them indirectly via its supply chains. An analysis of the raw materials procured by the ElringKlinger Group in 2020 did not indicate that any conflict minerals had been obtained from these particular regions.

As an international supplier, ElringKlinger AG also has to deal with export bans and economic sanctions. Should any restrictions apply to the export of goods to certain countries, regions, firms, or organizations, the company complies with these restrictions in all cases.

CO₂ EMISSIONS. CO₂ REDUCTION. CARBON NEUTRALITY.

We are living in an increasingly complex world. Nobody can predict the future, and nobody can say for sure how exactly our planet will be impacted by global warming, demographic change, and the onward march of technology. We are living in a world in which environmental, economic, and social questions are all interconnected and can only be answered if we work together. ElringKlinger is tackling this complexity by adopting a clear, Group-wide focus on sustainability on which significant further progress was made in 2020 in environmental matters. Andreas Weiß, Vice President Quality and Environmental Management, was there right from the start when the target of carbon neutrality was set and the corresponding measures were derived from it. His team will play a key role in driving forward the implementation of the individual project pillars within the Group and will ensure that they are actively embraced at the plants across the world.



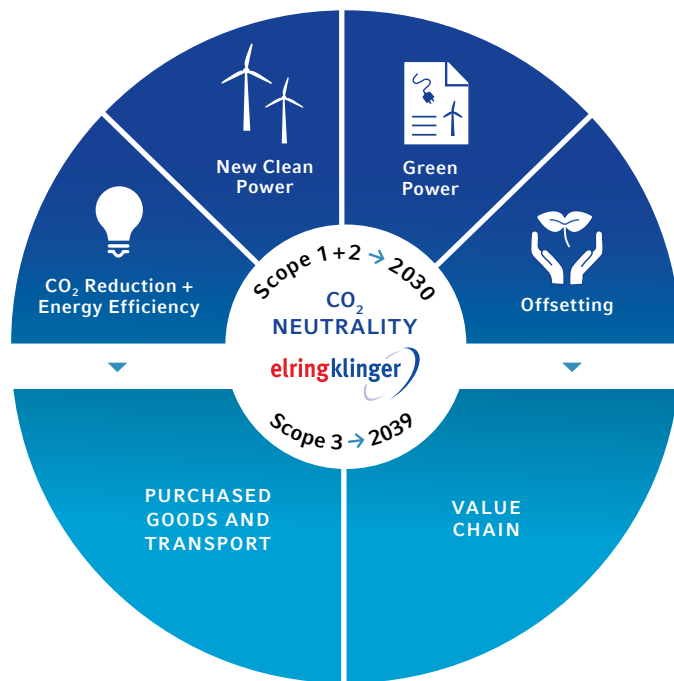
Andreas Weiß, Vice President Quality & Environmental Management at ElringKlinger AG



CO₂ emissions, CO₂ reduction, and carbon neutrality are now commonly used terms that are shaping the spirit of the time and describe our global responsibility. However, many people still fail to appreciate just what they actually mean. The adjective “carbon-neutral” (also “climate-neutral”) ultimately implies that human activity (e.g., a car journey, a flight, etc.) or the use of fossil fuels is not allowed to increase the level of carbon dioxide in the atmosphere. Only this is genuinely climate-neutral. To achieve this, however, everyone needs to change his habits. “Business as usual” is now a thing of the past. With the target we set in 2020 – making the ElringKlinger Group CO₂-neutral in net terms by 2030 – we want to grasp the nettle and change things together with all our employees, for the sake of our environment and the protection of our planet.

We do not want to sit back and watch – we want to take action. We have therefore set ourselves an ambitious timetable for delivering the project. In the first step, we will make our production at all ElringKlinger’s German sites CO₂-neutral as early as 2021 and 2022, meaning that we will drastically reduce all our Scope 1 and Scope 2 emissions. We intend to offset any completely unavoidable emissions by investing in environmental protection projects. We are planning to become CO₂-neutral at all our European sites by 2025, and it is hoped that all our sites worldwide will produce CO₂-neutral by 2030. After that, we are also planning to reduce our Scope 3 emissions, i.e., all those produced along our entire value chain.

To structure the many various measures that we will be taking within the Group, we have defined four different fields of



activity to pursue at all sites: increasing energy efficiency in all buildings and facilities; using more renewable energy; switching to green electricity; and offsetting any completely unavoidable CO₂ emissions by investing in CO₂-reducing projects outside the company.

In the first field, we want to make our existing facilities and buildings more energy-efficient, and our production sites have thus been tasked with reducing their CO₂ emission by at least 2.5% a year relative to the baseline year of 2019. This includes optimizing existing processes and consistently avoiding fossil fuels. In the second field, we are looking into installing systems to generate our own renewable energy wherever this is technically feasible and makes economic sense. In the third, we will be switching all our electricity supply contracts over to electricity generated from environmentally friendly energy sources. In the fourth and final field of activity, we will offset all unavoidable CO₂ emissions by investing in projects designed to protect the climate. However, we are expressly committed to keeping these compensatory payments as low as possible across the Group, because we want to achieve our objectives together with all our employees and become climate-neutral through our own efforts.

Back in 2020, we launched a pilot project to switch our German sites to green electricity in order to not lose any time and to gain valuable experience that we could apply to our Group-wide switchover. We also made our first compensatory payments to a forestry conservation project in Peru in order to offset unavoidable CO₂ emissions.

What makes this large-scale project unique is the fact that literally every employee in the Group is a part of it. After all, it is only if we all “pull together” and motivate one another to make things better in the interests of our environment that we will be able to help protect our environment and achieve climate-neutrality. We are therefore also breaking away from habits and will review the smallest process step with regard to emission avoidance. This program is supported by a series of communicative measures to strengthen the environmental awareness of our employees.

This was also what spawned the idea of putting around 1% of planned investments toward energy-saving measures every year. Going forward, all sites will be required to suggest at least one project a year to compete for the chance of being chosen to receive funding. The focus will then be on those projects that promise the greatest reduction in CO₂ per euro spent as well as on those measures that will achieve significant energy savings. In this way, we want to motivate all employees to identify corresponding optimization potential.

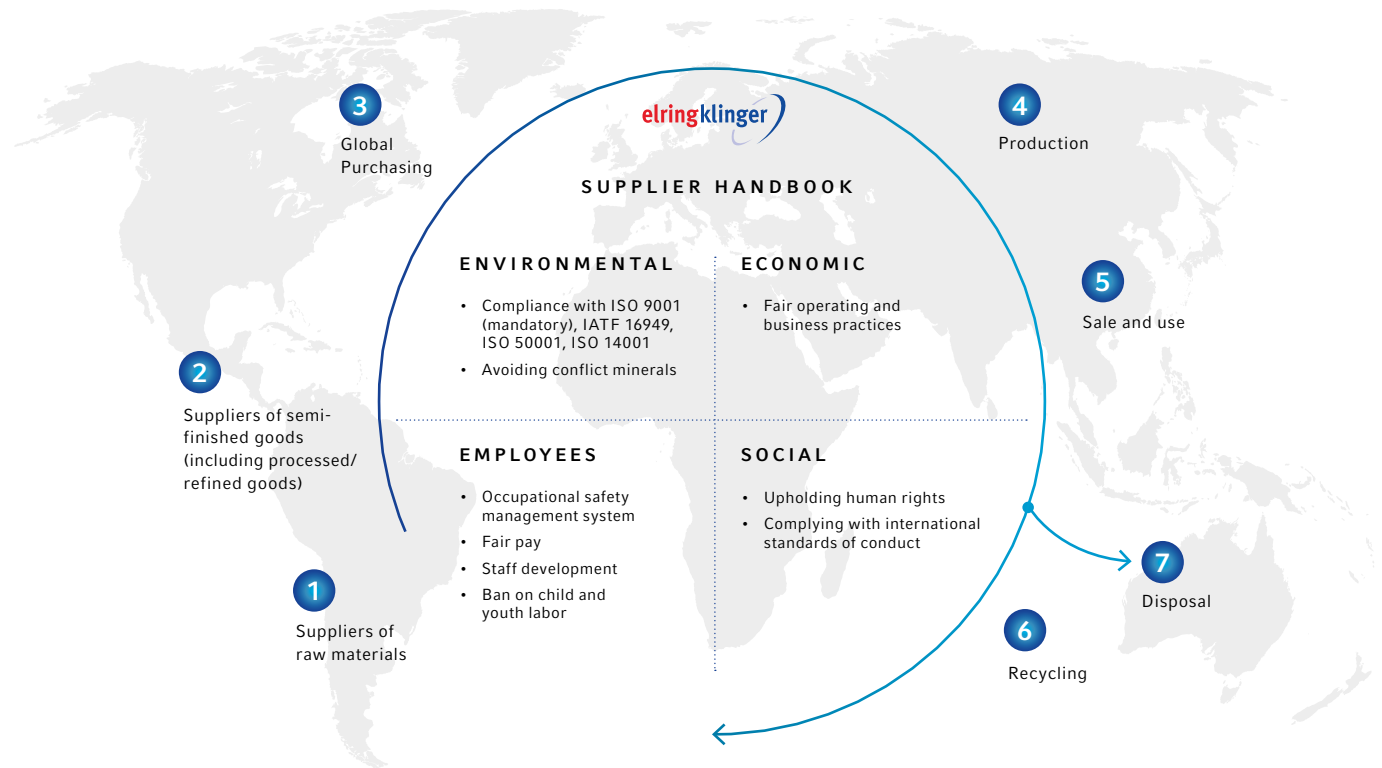
Every change is bringing us a little bit further toward our goal of climate-neutrality until 2050. We have now taken the first few steps, and I firmly believe that, by working together, we will be able to make many more things better for the sake of our environment.

TRANSFORMATION. RESHAPES SUPPLY CHAINS.

Much of ElringKlinger’s environmental impact ultimately derives from the Group’s value chain, either upstream in the supply chain or downstream in the product use phase or during recycling or disposal. Environmentally friendly behavior on the part of suppliers and customers is thus also an important step toward making the company climate-neutral in net terms.

At ElringKlinger, the requirements made of its Supplier Management team are currently evolving in step with the transformation of its product portfolio. This is because the new areas of business that are becoming increasingly prominent will require an army of new suppliers, many of whom have been operating in completely different sectors to date. Parts and systems are also growing increasingly complex, requiring more time and money to be spent on testing and inspection. This does not dissuade the Group from choosing its suppliers carefully, however, because ElringKlinger’s long-term strategy envisages only working with suppliers who embrace their responsibility and undertake to comply with the relevant labor, social, and environmental standards. To this end, the Group introduced a supplier handbook in 2019. Based on the IATF 16949 standard, it covers areas such as compliance, employee welfare, working conditions, and corporate integrity. It also contains a Code of Conduct that sets out requirements for an environmental management system, social responsibility, and workplace safety and is aligned with the principles of the International Labour Organization (ILO).

In addition, besides traditional aspects like quality, reliability, and liquidity, Supplier Management also takes sustainability



criteria such as compliance with labor, social, and environmental standards into account when choosing new suppliers.

To ensure consistent quality, Supplier Management reviews its existing suppliers at irregular intervals and audits them in accordance with the international ISO standards as well as the company’s own stringent quality and environmental guidelines. The travel restrictions imposed due to the coronavirus

meant that only very few supplier audits could be carried out on site in 2020. The Group may choose to terminate its working relationship with suppliers in the event of a violation of employee or human rights.



RESPONSIBILITY FOR EMPLOYEES

The covid-19 pandemic presented an unprecedented challenge for ElringKlinger in 2020 in terms of its responsibility toward its employees. During this time, it was demonstrated once again that staff health is the top priority and the aspect of work/life balance is important to the company's success. Greater flexibility in respect of working models and methods became even more of a focus for ElringKlinger in the year of the pandemic. More digital training courses were offered, and the Group's guiding principles with their management policies, its firmly established system of values, and its corporate culture, among other things, helped to foster an extraordinary sense of solidarity among the workforce in many ways.

Development of the employee structure

A balanced and diverse employee structure goes a long way toward ensuring a healthy team spirit. Having staff from different age brackets and cultures working side by side also means you have a wealth of different experiences and perspectives coming together in one place. Although this does pose a challenge, this intercultural dialogue and the variety of mindsets present some major opportunities. Besides the question of background, equal treatment and equal opportunities are a given at ElringKlinger for all staff regardless of their gender, age, or other characteristics. This too helps to promote a balanced employee structure across the whole Group.

The ElringKlinger Group had a total of 9,724 employees worldwide as of December 31, 2020; based on a yearly average, 10,013 people were working for the Group. The age structure remains well-balanced, with 30- to 50-year-olds making up some 59% of the workforce; 18% are younger and 23% older. The average age of an ElringKlinger employee was 40.

ElringKlinger's long-term personnel strategy is in line with its aim to offer permanent employment contracts where possible. Cooperation based on trust, reliability, and the ability to plan benefit both employer and employee. At the end of 2020, 8,805 employees in the Group – i. e., the vast majority of the global workforce – were on permanent contracts. A smaller number of fixed-term contracts ensured the necessary flexibility in the face of temporary peaks in workload or fluctuations in the economy. In reporting year 2020, ElringKlinger also made use of options such as short-term work that were available to different extents in different regions during the covid-19 pandemic on the basis of special legal regulations.

The Group's global presence is reflected in the regional make-up of its workforce. As of December 31, 2020, 4,149 (42.7%)

Employees

	2020	2019
Employees as at December 31	9,724	10,393
of which men	69.8%	70.0%
of which women	30.2%	30.0%
Proportions by age group		
under 30	18.3%	22.8%
30–50 years	58.8%	55.2%
over 50	22.9%	22.0%
Percentage of part-time workers	4.8%	4.9%
Employees on permanent contracts	8,805	9,191

of ElringKlinger's employees were based in Germany. They continued to be outnumbered by the 5,575 (57.3%) working abroad. Of these, 1,841 employees were based in North America, followed by 1,824 in the Rest of Europe, 1,512 in the Asia-Pacific region, and 398 in South America/Rest of the World.

Fixed system of values

A system of values gives a society crucial guidance. Expressed as guiding principles and rules or codes of conduct, it provides the members of a community with a framework for their actions, while also setting benchmarks for the quality of their life together in that community. Compliance with existing laws and regulations is the most important maxim. The system of values that ElringKlinger has established as part of its responsibility as a company is represented by comprehensive guidelines and compliance measures.

Drawing on its "Vision & Mission Statement," ElringKlinger has set out binding rules for each and every employee in a Code of Conduct and a Corporate Code. As part of its Corporate Code, ElringKlinger commits to upholding international human rights. At the same time, the company rejects any form of child labor and forced labor. ElringKlinger also opposes all forms of discrimination, whether on the basis of gender, race, skin color, religion, age, ethnic origin, disability, or sexual orientation. There were no violations of the Corporate Code in 2020.

ElringKlinger AG encourages its employees to report violations of laws and internal guidelines to various hierarchical levels. Compliance staff, in particular, are the first point of contact with regard to such matters. In addition, the Group employs a whistleblower system. Within the company's internal whistleblower system, members of the workforce are also given the opportunity to submit anonymous reports of misconduct as well as legal and regulatory violations. In 2020, the Chief Compliance Officer responded to all indications of compliance-related infringements in order to investigate the circumstances and initiate requisite measures. There were no significant breaches to report for 2020.

The combined non-financial report for 2020 contains more information on this, including on compliance management.



Measures to protect the health of all employees were the top priority for company management in 2020 on account of the covid-19 pandemic.

Healthcare management and occupational safety

In view of the covid-19 pandemic, reporting year 2020 was dominated by measures to protect employee health (more on page 25). As a basic principle, ElringKlinger acts in line with stringent guidelines in order to guarantee and protect the safety and health of its employees and society as a whole. Workstations and their surrounding areas are designed so as to be safe and enhance efficiency at the same time. All guidelines in this occupational safety policy are binding on both the Management Board and employees of ElringKlinger.

Exacting standards apply at ElringKlinger for avoiding accidents at work. These include regular safety briefings, protective equipment, and occupational safety inspections. The “ElringKlinger Operating System” (EKOS) production system, which has been introduced at all production sites, also regularly tackles improvements to occupational safety following a

“safety first” approach. Internal and external audits verify compliance with regulations. In the event of an accident, the cause and steps leading up to the incident are carefully examined and existing safety standards are adapted as necessary. In 2020, the relative frequency of accidents per 1,000 full-time employees fell from 16.1 in the previous year to 11.0. This trend was influenced by falls in production during the recession triggered by the pandemic. The Group as a whole recorded 107 work-related accidents leading to more than three days off work.

Occupational Safety

	2020	2019
Work-related accidents leading to more than 3 days off work	107	167
1,000-employee incident rate	11.0	16.1

ElringKlinger is tackling technological and social change with a targeted range of vocational and further training courses. Skilled staff are given ongoing support from continuing professional development measures.

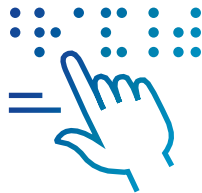
Vocational and further training

In-house apprenticeships and further training are very important elements of human resources management at ElringKlinger. Its targeted range of vocational and further training courses enables it to react to change, support its skilled staff, and make itself more attractive as an employer. The company is thus responding to the ongoing transformation that is being driven by advances in technology and trends in society. Training courses, support programs, and educational measures are continually enhanced as part of personnel management. The combined non-financial report for 2020 contains more details.

Diversity and equal opportunities

ElringKlinger values cultural diversity as a success factor. A range of social, cultural, and linguistic backgrounds is regarded not merely as an asset but as essential to our progress in a global environment. Appreciation, tolerance, and respect for one another are always the main focus of day-to-day interactions. For us, it goes without saying that all employees should be treated equally and with due regard to their individuality.

Besides sites in 21 countries, a network of customers, suppliers, and other partners and interested parties that is not constrained by the bounds of geography ensures that ElringKlinger is constantly part of an international exchange and an ongoing transfer of knowledge. ElringKlinger also promotes this by seconding staff to its sites in other countries and organizing regular intercultural training.



In 2020, 233 people with severe disabilities were employed within the Group.

The company's duty of care is embodied in how it works together with people with disabilities. Severely disabled staff and employees with health impairments receive specific support and special protection at ElringKlinger. The Group promotes a culture geared toward integration that takes account of the skills and individual talents of the relevant people. Besides the

Works Council, Equal Opportunities Officers also address their concerns and opportunities for continuing professional development. In 2020, 233 people with severe disabilities were employed within the Group. For many years, ElringKlinger has also maintained close partnerships with a number of social institutions, including BruderhausDiakonie. Participation in society is a meaningful form of work that enables the people employed there to feel needed and respected.

Diversity and equal opportunities

	2020	2019
Number of employees with severe disabilities	233	202
Absolute number of employees		
in partial retirement ¹	94	80
on maternity leave ¹	13	18
on parental leave ¹	79	70
Part-time	464	511

¹ Employees at the German Group sites

ElringKlinger's Code of Conduct includes a commitment to afford all genders equal support and equal opportunities. Irrespective of any targets, the Group helps women and men alike to take on new responsibilities. ElringKlinger publishes binding targets with regard to women in managerial positions in its Corporate Governance Declaration in line with the statutory regulations. The Group has made a voluntary commitment to achieving the following percentages for female representation by June 30, 2022: 0% on the Management Board, 10% in the top leadership level, and 15% in the second leadership tier below Management Board level.



Irrespective of any targets, ElringKlinger helps all its employees to take on new responsibilities regardless of their gender.

Reconciling professional, family, and private life

In today's society, reconciling professional life, family life, and personal leisure interests has become a very high priority and is an indicator of quality of life. This is another area in which ElringKlinger accommodates societal developments through modern working time models with individual arrangements such as mobile working, flexitime, and part-time contracts.

Work/life balance

A healthy equilibrium between our personal and professional needs and requirements is a key factor for determining our quality of life. ElringKlinger helps its staff to strike the best possible balance between their work and home life. The individual arrangements available to employees include flexible working time models, working time accounts, and various early retirement options. In partnership with the provider WDS.care GmbH, ElringKlinger makes it easier for employees to care for dependents with a range of counseling and care services.

COVID-19 TASK FORCE: PROTECTING STAFF IS THE TOP PRIORITY.

No part of the company emerged unscathed from the impact of the coronavirus pandemic in the 2020 financial year. This made it all the more important for the Group to take rapid countermeasures and keep staff constantly up to date with comprehensive information on relevant developments and what was being done to tackle the situation. ElringKlinger therefore set up a central covid-19 task force at the start of the pandemic, which coordinated the activities for ElringKlinger sites around the world.

Supported by additional local teams at the individual plants, the covid-19 working group ensured that a wide range of protection and hygiene measures were implemented in a timely manner. By following the very latest external regulatory and economic developments and incorporating the recommendations from expert organizations and the authorities, a dynamic pandemic strategy was formulated that covered a wide range of issues, from hygiene measures through to IT equipment. An intranet platform was used to keep all staff across the world up to date on the current situation promptly and continuously and share the latest news.

One of the first steps was stopping all travel to and from China in February 2020, with ElringKlinger imposing quarantine restrictions on those returning. The travel bans were extended to cover the whole of the world in March 2020, and all staff who could switch to working from home did so. Within a short space of time, the IT department set up the infrastructure required to ensure that everything ran smoothly and those at home had a stable environment to work in. Virtual team meetings soon became the “new normal.” Even Group Man-

A unique sense of solidarity developed among the workforce, encapsulated by the mantra “#one EK – strong together.”



Canteens switched to operating in line with the most stringent safety standards.

agement were running operations from their home office at times. The protective measures in production included face coverings, which people had to wear at their workstation or on the premises if they were less than 1.5 meters apart. ElringKlinger made basic face masks available for employees. Body temperature checks at the plant gates, hand sanitizer stations, and more thorough cleaning and disinfection of meeting and common rooms were also introduced to ensure protection. Canteens switched to operating in line with the most stringent safety standards.



Staff were able to find answers to frequently asked questions on the intranet.

Despite being far apart, employees came together via the #strongtogether blog and shared their experiences of things such as working from home.

“#one EK – strong together”

As well as the new rules on behavior and the changes in the workplace, it was mainly the effect of physical distancing that shaped day-to-day work for many staff. This made mutual support, solidarity, and teamwork all the more important. Adopting the mantra of “#oneEK – strong together,” the HR department supported and encouraged measures and initiatives that strengthened team spirit. This included creating a blog on the intranet, setting up a central email address for personal questions, and making recommendations on working from home.

ACCOMPANYING TRANSFORMATION – A TASK FOR PERSONNEL MANAGEMENT

Processes of change in industry always have a massive impact on the world of work as well. From job descriptions and working methods to teams and leadership, all HR-related issues are affected. In an interview, Ms. Doris Höpfl, Head of the Human Resources (HR) Corporate Unit at ElringKlinger, explains her view of the issues that are bringing about a technological transformation for the organization.

MS. HÖPFL, THE AUTOMOTIVE INDUSTRY IS UNDERGOING MAJOR CHANGE. WHAT EFFECT IS THIS HAVING ON HR AT ELRINGKLINGER?

HÖPFL — Of course, everyone's currently talking about the transformation that's going on in the automotive industry and its consequences. For HR, though, it's not only important who will need who to work when and in how large numbers. There are many sides to human resources. Major upheavals cause people to feel a great deal of uncertainty, so we need to support an organization in such a way that we make it resistant, and I mean that positively. This includes getting each and every individual on board, communicating clearly, and creating certainty through tangible solutions.

WHAT STEPS HAVE YOU TAKEN, AND WHAT DO THESE SOLUTIONS LOOK LIKE?

HÖPFL — First and foremost, HR has to be able to keep pace with change. We've started to do this by restructuring the HR team. But an organizational structure isn't something static either. Rather, it's constantly evolving. And this reflects the mindset that we want to establish throughout the company:

Coping with change has to become second nature, because it's an integral part of our daily lives – just look at the automotive industry. It's getting increasingly fast-paced, the cycles of a vehicle generation are getting shorter and shorter. We therefore decided that, instead of separating the support we give to the traditional and the new areas of business, we'd create a kind of inclusivity. Put in abstract language, we want new things to develop from what's already there and – vice versa – what's already there to merge into new things at some point.

COULD YOU EXPLAIN THAT IN MORE DETAIL? WHAT HAVE BEEN YOUR EXPERIENCES SO FAR?

HÖPFL — The relevant HR manager from our HR Operations department and his or her team looks after growing areas of the business as well as those that are not doing quite so well. He or she is familiar with the whole portfolio and serves as a point of contact for all needs of the business. This approach has already proven its worth in a great many projects. We applied it to the spin-off of EKPO Fuel Cell Technologies, the development of the Neuffen site, and the new Metal Sealing Systems & Drivetrain Components business unit.

IS THIS NEW BUSINESS UNIT A TYPICAL EXAMPLE OF THE "INCLUSIVITY" OF THE TRADITIONAL AND THE NEW THAT YOU MENTIONED?

HÖPFL — Precisely. This business unit combines the traditional activities of the former Cylinder-head Gaskets and Specialty Gaskets units with a rapidly expanding range of gaskets and components for electric vehicles. Here too, the people affected were initially uncertain about their own

futures. For us, this meant that, above all, we had to create trust, which we did through strong process management, clear communication, and a holistic view of the organization. This enabled many employees to uncover and harness new opportunities, including by switching to other areas of the company such as battery and fuel cells.

STRUCTURAL CHANGE, IT WOULD APPEAR, HAS BEEN AN INTEGRAL PART OF PERSONNEL MANAGEMENT FOR QUITE SOME TIME. WHAT ISSUES ARE NEXT IN LINE?

HÖPFL — I think digitalization will hit us in a big way. In saying this, I'm also thinking about the new areas of business that offer a lot of potential for systemic support because of how complex the products are. However, digitalization doesn't

» **C**oping with change has to become our second nature, because it's an integral part of our daily lives.«

mean cutting jobs – not at all. Instead, it’s mainly about becoming better. It’ll allow us to act faster and more efficiently – both things that are key to how our organization will fare in the future. Once again, it’s about resilience here and, ultimately, about sustainability.

ISN’T DIGITALIZATION MORE OF AN ISSUE FOR OPERATIONS? WHAT’S HR’S ROLE IN ALL OF THIS?

HÖPFL — After all, it is the people who are implementing digitalization and working in a more digital world. HR has to provide support to get staff ready to tackle the responsibilities of the future. And, once again, I want to bring in the psychological element, because it’s not just about technical or specialist qualifications here. For us as human beings, newness is connected with emotion and strain. The stresses of the coronavirus pandemic have shone the spotlight back on issues such as mindfulness and managing your health. It’s one of our jobs to ensure that our employees are well equipped to tackle things like digitalization.

HOW ARE YOU PUTTING THAT INTO PRACTICE?

HÖPFL — First, through coordinated management training on leadership and change. Now more than ever, “management” doesn’t just mean making decisions. It’s also about coaching a team so that it’s motivated, does its work well, and can make its own decisions. Second, we’re also looking at the individual people and their own scope for development. This requires clear responsibilities and skills profiles. Responding to people’s needs also means offering them options, i. e., making a distinction between compulsory and voluntary further training. We digitized the learning content from our extensive catalog

of training courses over the past year. Although we’re already in a good position, we’re going to stick rigorously to this path and work constantly to expand our portfolio.

WILL ALL STAFF BE ABLE TO JOIN YOU ON THIS JOURNEY?

HÖPFL — For me, corporate responsibility means not leaving anyone out. It’s precisely the fact that human beings are so different that makes for a healthy and successful corporate culture. This is why we need hybrid solutions, i. e., a mix of online and in-person programs. The aim is to give everyone as much freedom as possible and strike a sensible balance between the company’s interests and those of the individual. Social interaction is vital to us as people. Post-covid-19, therefore, it’ll be even more important for us to take these needs into account in an increasingly digital world.

ELRINGKLINGER OFFERS A RANGE OF DIFFERENT WORKING TIME MODELS. HAVE WE NOW REACHED MAXIMUM FLEXIBILITY?

There’s already a great deal of flexibility in Germany, although there are always new developments, of course, such as those provided for by the EU Working Time Directive. As far as the Group’s employees in Asia as well as in North and South America are concerned, it’s a matter of devising concepts that fit regional circumstances and are correspondingly modern.

WHAT ARE YOU PRIORITIZING IN YOUR AREA OF RESPONSIBILITY? CAN YOU REVEAL YOUR STRATEGY?

HÖPFL — Ultimately, the HR strategy is built on three pillars: first, employee motivation; second, providing profes-

sional support to processes of change; and, third, ensuring an organization that’s high-performing in every respect. A feedback culture that’s actively embraced as well as effective communication among the workforce are particularly important to me. Continuous improvement hinges on each and every member of staff doing their bit, asking questions, staying on the same page, and becoming part of that change. Responsible personnel management helps to lay the foundations for this.



**Doris Höpfl, Vice President
Human Resources, ElringKlinger AG**

MS. HÖPFL, THANK YOU VERY MUCH FOR SHARING YOUR THOUGHTS.

Doris Höpfl has headed up Human Resources at ElringKlinger AG since 2019. A structural overhaul of her department gave her a strong basis for tackling internal and external change. Her guiding principle: Change is only brought about through action (Dalai Lama). It needs courage and, if it is to succeed, people who believe in it.



Even small projects have a big impact. Like, for example, the blankets our employees in Mexico have been handing out to needy people in nursing homes for several years.

SOCIAL COMMITMENT

The decisions a company makes will invariably affect society in one way or another. As well as bringing commercial success, a business transaction should also benefit society. ElringKlinger sees its role in society as that of a stakeholder with a duty to contribute to social well-being and progress as part of its value creation. Our society does not just need to remain capable of functioning. It has to be in sound working order, particularly from a welfare perspective.

EVERY CONTRIBUTION TO OUR WELFARE BRINGS US FURTHER AS A SOCIETY.



Dr. Stefan Wolf, CEO of ElringKlinger AG, presents a donation of 8,000 FFP3 respiratory face masks to representatives from Reutlingen district hospitals.



The German Red Cross expresses its gratitude for a donation of FFP2 face masks.

Values have to be actively embraced if they are to have any intrinsic value themselves. Each and every member of society has an impact on the standard of our togetherness, our culture, and ultimately the quality of life itself. As a company, we operate in areas that enable us to make a positive overall contribution.

We support the common good by integrating vulnerable groups and treating them with respect, by encouraging our employees' volunteering and welfare initiatives, through donations and sponsorship, and through our longstanding and close partnership with BruderhausDiakonie. People with disabilities are a particularly integral part of the value chain at ElringKlinger, due not least to our many years of cooperation with the BruderhausDiakonie workshops.

ElringKlinger donates respiratory face masks to medical establishments

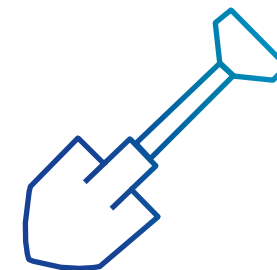
ElringKlinger provided respiratory face masks to several medical establishments during the first lockdown in Germany imposed as a result of the coronavirus. FFP2 and FFP3 face masks were donated from the company's own stocks, thus helping slightly to alleviate the state of emergency in the hospitals not far from the Group's headquarters in Dettingen/Erms. The donations went to Reutlingen district hospitals, Tübingen University Hospital, and the German Red Cross.

ElringKlinger supports reforestation project

Once again, staff at the Group's subsidiary in the Mexican city of Toluca lent their vigorous support in 2020 to the annual reforestation drive that takes place near the site. An area of woodland covering 0.75 hectares was planted in 2020 as part of Toluca's reforestation efforts. The project aims to preserve and regulate the local ecosystems, particularly the habitats of wild animals and the key role the forest plays in the natural water balance and regulating temperature. The project, which is supported by ElringKlinger and managed by the local forestry authority, is creating temporary jobs and boosting economic development in the region.



ElringKlinger employees in Mexico plant trees as part of a community reforestation project.



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