

DRIVER OF SUSTAINABILITY

SUSTAINABILITY REPORT 2021

Vitesco Technologies is a supplier of modern drive technologies and electrification solutions for sustainable vehicles. Its product portfolio comprises electric drive units, electronic controls, sensors, actuators, and solutions for treating exhaust gases. With more than ten years' experience in electric vehicles, Vitesco Technologies offers trailblazing solutions for all the possible steps to electrification that will be taken for all the main drive-technology developments in the future. The Company has production and development sites in all growing markets (China, Europe, and North America). In 2021, the Group achieved sales of €8.3 billion and had 37,488 employees at approximately 50 sites. Vitesco Technologies Group AG is the parent company and has been based in Regensburg, Germany since September 30, 2021.

www.vitesco-technologies.com



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FOREWORD BY ANDREAS WOLF

TO OUR STAKEHOLDERS



industry worldwide and to promote emissions-free mobility holds the best opportunities for success and growth for our company. We want to take advantage of these - for the benefit of our employees, our investors, our business partners, and for society at large.

In this report, we present how we put sustainability into action at Vitesco Technologies. As a participant in the United Nations Global Compact, we also clearly state how our sustainability agenda supports key principles in the areas of environmental protection, labor standards, human rights and anti-corruption, and what specific development goals it focuses on.

I wish you a stimulating and informative read.



Andreas Wolf, Chief Executive Officer

For Vitesco Technologies, the past financial year was one of new beginnings. Our step into independence not only gives us more flexibility, but also the opportunity to pursue and execute our electrification and sustainability strategy in a very targeted manner. As a listed company, we stand for a sustainable future with a corporate mission that points the way forward for our portfolio: “Powering Clean Mobility.”

We want to make a significant contribution to the transformation of the automotive industry by delivering innovative and efficient technologies for the electrification of all vehicles. Our goal is clean, sustainable mobility for today and for future generations. We also believe that our ambition to reduce the environmental impact of the automotive

FOREWORD BY INGO HOLSTEIN

TO OUR STAKEHOLDERS



To ensure that the sustainable transformation can succeed, we have created an independent organizational structure for Vitesco Technologies in recent months that plans, manages and monitors environmental, social, and ethical issues across departments. Beyond clean mobility, climate protection, resource efficiency and circularity, fair work and diversity, and responsible sourcing and partnerships are at the top of our agenda.

In this report, we invite you to read about the measures we use to pursue our goals, the key performance indicators we focus on, and how we create sustainable incentives through standards, programs, and our compensation system to put sustainability into practice in all our business activities.

I look forward to your feedback.

A handwritten signature in blue ink that reads "Ingo Holstein". The signature is fluid and cursive, written on a white background.

Ingo Holstein, Chief Human Resource Officer

Sustainability is not only a guiding principle of our business model, but also characterizes the way we do business, organize our production, and design our processes. Building on good corporate governance, we seek to assume economic, ecological, and social responsibility. This goes for our company as well as for our relationships with our stakeholders and our business environment.

Together with our approximately 38,000 employees and in collaboration with our business partners, we actively drive sustainability along our value chain. Our corporate strategy DIRECTION 2030 sets this out in the claim "Driver of Sustainability."



Forewords**Report Profile****Sustainability Agenda****About Vitesco Technologies****Corporate Governance****Sustainability Management****Development of Material Topics****Corporate Citizenship****EU Taxonomy Regulation Disclosures****Independent Auditor's Report****Appendix****Publication Details**

REPORT PROFILE

This report is Vitesco Technologies' separate Sustainability Report and also constitutes the official Communication on Progress to the United Nations Global Compact.

MODULAR REPORTING AND FRAMEWORKS

The Sustainability Report has a modular structure and is approved by the Executive Board. It combines the sustainability information from the Vitesco Technologies Annual Report 2021 - including the Group's Consolidated Non-Financial Statement, parts of the Corporate Governance Report and parts of the Management Report and the Consolidated Financial Statements - and supplements this with information in accordance with the standards of the Global Reporting Initiative (GRI - "Core" option), the United Nations Global Compact (UNGC), the Task Force on Climate-related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB).

The indexes in the appendix to this report show the allocation of the reported content to these standards, and also include an overview of the content in the context of the Sustainable Development Goals (SDGs). In addition, the report reports on the environmental, social and governance (ESG) information requirements of our customers and investors.

The German Commercial Code (HGB) provides the framework for preparing the Consolidated Non-Financial Statement contained in the Sustainability Report. In accordance with sections 315c in conjunction with 289c to 289e HGB, the declaration contains information on environmental, employee, and social issues, as

well as on respect for human rights and combating corruption and bribery, to the extent necessary for understanding the company's business performance, results and situation, as well as the company's impact on the aforementioned aspects. In addition, the declaration identifies product issues relating to environmental and social concerns that are material in this context. The Taxonomy Regulation (EU) 2020/852 and the associated delegated acts of the EU Commission serve as a framework for specific disclosures on the share of environmentally sustainable business activities in total revenues, as well as in Vitesco Technologies' capital and operating expenditures (CapEx and OpEx).

ACCOUNTING FRAMEWORK AND REPORTING PERIOD

Like the financial reporting, the Sustainability Report relates to all of the company's fully consolidated companies (see Annual Report, p. 210). The report covers the financial year from January 1 to December 31, 2021, and includes current developments up to the editorial deadline of March 23, 2022. The editorial deadline for the contents of the Annual Report presented in this report was March 7, 2022.

This is Vitesco Technologies' first Sustainability Report since its spinoff from Continental AG. For this reason, the report does not contain any restatements. Due to the restructuring, prior-year figures are reported only for some figures.

Color coding of the text and certification Key content of this Sustainability Report was audited by an independent auditor. The externally audited content is highlighted in color according to the following key. The respective auditor's statements can be found in the report in the section Independent Auditor's Report.

Forewords

Report Profile

Sustainability Agenda

About Vitesco Technologies

Corporate Governance

Sustainability Management

Development of Material Topics

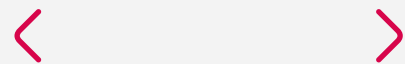
Corporate Citizenship

EU Taxonomy Regulation Disclosures

Independent Auditor's Report

Appendix

Publication Details



Color coding of the text and certification

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Independent Auditing: Significance of the Color Coding

Color Code	Content	Valid Auditor's Report
	Content from the Consolidated Financial Statements and the Combined Management Report (except the Consolidated Non-Financial Statement)	Auditor's opinion on the Consolidated Financial Statements and Combined Management Report
	Content from the Consolidated Non-Financial Statement (reasonable assurance)	Independent auditor's opinion on the Consolidated Non-Financial Statement
Content certified by an independent auditor is marked by a yellow-filled box in the header	Content from the disclosures according to the EU Taxonomy regulation (limited assurance)	Independent auditor's report on an independent audit to obtain limited assurance review on selected key performance indicators of the Sustainability Report
	Selected key performance indicators (KPIs) from the Sustainability Report: Total CO ₂ e emissions (Scope 3), CO ₂ e emissions intensity (Scope 1-3) by Group sales, and energy reduction achieved from efficiency projects	
Content has not been audited by an independent auditor	All content other than that mentioned above	—

Note on improving the readability of the text (only relevant for German version)

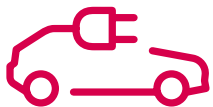
Where this report has chosen to use the masculine form in order to improve readability, all information of course applies to all genders.

VITESCO TECHNOLOGIES SUSTAINABILITY AGENDA 2021



CLEAN MOBILITY

“Powering clean mobility” is our mission. As electronics champion we are leading the transition of automotive powertrain suppliers towards e-mobility. By providing innovative electrification solutions, we do our part for reducing the environmental impacts of the automotive industry and promote emission-free mobility worldwide.



CLIMATE PROTECTION

With technologies and measures to protect the climate, we proactively counteract global warming and promote the reduction of greenhouse gas emissions in our business activities and product life cycle. We aim for climate neutrality in our production, development and administration sites, and step by step along the entire value chain.



RESOURCE EFFICIENCY AND CIRCULARITY

We are committed to the efficient use of natural resources and prevent pollution such as emissions to soil, air, and water and reduce waste. We decrease the consumption of energy, water, raw materials and operation materials and strive for closed resource and production cycles.



FAIR WORK AND DIVERSITY

Passionate, Partnering, Pioneering. Based on these Values, we offer our employees fair and attractive working conditions with personal freedom and empowerment, opportunities for training and career, and a special focus on diversity, equity, inclusion and flexibility.



RESPONSIBLE SOURCING AND PARTNERSHIPS

Socially and environmentally responsible action does not end at our plant gates. We are actively committed to ethical business practices, sustainability and human rights due diligence in our business relationships and stand for responsible sourcing and considerate collaboration with our suppliers.



VITESCO TECHNOLOGIES SUSTAINABILITY AGENDA 2021



OCCUPATIONAL HEALTH AND SAFETY

Safety and Health Protection are essential elements of our corporate culture. We undertake preventative measures, eliminate hazards, reduce risks and protect all persons in our company from accidents and work-related illnesses. We actively foster the health of our employees and conduct operational support emergency management to avoid damage to people, asset, and the environment.



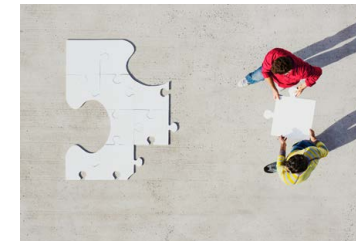
QUALITY AND PRODUCT INTEGRITY

Offering robust products and services worldwide resulting in defect prevention and contributing to waste reduction is our top priority. We achieve this by our continuously improving lean and agile processes that are set up, guided and implemented through our quality management system. This leads to consistently improving customer satisfaction and contribution to business success.



INNOVATION

We continuously invest in research and development and drive innovation and new business models. Electrification and Operational Excellence are our success factors, efficiency and sustainability guide us on our path.











BUSINESS ETHICS AND ANTI-CORRUPTION

Ethics, integrity and fair business practices form the foundation of our corporate governance. With our global compliance organization, we ensure compliance with the law and internal policies, detect risks and prevent violations. This includes measures to combat corruption and bribery in accordance with industry-leading standards.



SUSTAINABILITY SCORECARD: TARGETS AND KEY PERFORMANCE INDICATORS AT A GLANCE¹

	Key Performance Indicator	2021	Target	
	Clean Mobility	Share of business with electric and electrified solutions in Group revenues in %	10.6	Play a leading role in the transformation of powertrain technologies towards electrification and emission-free mobility
	Climate Protection	Climate neutrality rate of total own CO ₂ emissions in %	90.6	100% climate neutrality of own operational activities (CO ₂ e emissions Scope 1 and 2)
		Share of external electricity procurement from renewable energies in %	100	100% purchased renewable energy since 2020
	Resource Efficiency and Circularity	Certifications for environmental protection management systems (ISO 14001) Employee coverage (as of Dec. 31) in %	91.4	Increase and maintain the proportion of employees covered by certifications for environmental management systems (ISO 14001 or comparable) to over 90% by 2030
		Certifications for energy management systems (ISO 50001) Employee coverage (as of Dec. 31) in %	81.8	Increase and maintain the proportion of employees covered by certifications for energy management systems (ISO 50001 or comparable) to over 90% by 2030
		Waste recycling quota in %	92.6	Increase the waste recycling quota, defined as the proportion of waste that has been recycled or sent for material recycling, energy recovery, or other use, to 95% by 2030
	Fair Work and Diversity	Share of women in management positions (executives and senior executives; as of Dec. 31) in %	13.6	Raise share of women in Executive and Senior Executive positions to 20% across the company by 2025
		Employee Net Promoter Score, eNPS	19	Increase the Employee Net Promoter Score as an indicator of employee satisfaction to a value of 20 by 2030
	Responsible Sourcing and Partnerships	Share of strategic suppliers covered by Business Partner Code of Conduct (as of Dec. 31) in %	90	Increase and maintain the share of strategic suppliers covered by the Business Partner Code of Conduct to 100% by 2023
	Occupational Health and Safety	Certifications for occupational health and safety management systems (ISO 45001) Employee coverage (as of Dec. 31) in %	91.2	Increase and maintain the percentage of employees covered by management system certifications for health and occupational safety to above 90% by 2030.
		Accident rate (number of accidents per million hours worked)	1.9	Reduce the accident rate to 1.4 by 2025
	Quality and Product Integrity	Certifications for quality management systems (ISO 9001 or comparable) Degree of employee coverage (as of Dec. 31) in %	99	Maintain the percentage of employees covered by quality management system certifications at a minimum of 94%
	Innovation	Research and development costs (net) in € Millions In % of sales	692.7 8.3	Continuous investment in research and development

¹ Detailed information on the key performance indicators and objectives can be found in the respective chapters.



WE PLACE SUSTAINABILITY AT THE CENTER OF OUR ACTIVITIES

ANJA RIVERA DE LA CRUZ EXPLAINS THE APPROACH OF VITESCO TECHNOLOGIES



Anja Rivera de la Cruz
Head of Sustainability, Security, Safety & Health

Our company has embarked on a very exciting journey toward sustainability over the past two years. Bit by bit, we have developed our sustainability agenda with the clear understanding that without intact ecosystems, there can be no intact economy.

Of course, one company alone cannot save the world. But every company can and must contribute to climate protection and the preservation of our ecosystems.

This is our firm belief, on which we act consistently. The emotional dimension of this mission was simple and clear to us, but the question we faced at the beginning of our strategic planning was: What structures and processes are needed in an international, listed group to establish effective sustainability management?

OUR ASPIRATION WAS AMBITIOUS FROM THE START:

To integrate sustainability in all our business processes, to shift the topic from the periphery to the center of our activities, and thus to not only ensure clean mobility, but

also make a contribution to the United Nations Sustainable Development Goals (SDGs).

But what is the recipe for success in this particular context? In the literature, and in discussions with our consulting companies, we found an astonishing consensus on the matter: There is no one-fits-all recipe for success, nor is there any organizational structure that might be called a gold standard. Each company must develop its own path based on its ambition and its business model. Nevertheless, there is agreement that to successfully implement a sustainability strategy in a company requires three things above all: to integrate sustainability into the business strategy; to anchor the topic at the top management level; and to systematically measure and record results.



INSIGHTS

Dear Readers,

before we delve into the technical and sometimes dry matter of sustainability reporting, we would like to introduce a few colleagues to you on the following pages - and share with you various focus topics of sustainability at Vitesco Technologies. On the keyword “**Clean Mobility**,” we ask five questions to Thomas Stierle, member of the Executive Board and Head of the Electrification Technologies business unit. Katharina Helten explains how important smart thermal management is for the success of e-mobility, in addition to advanced powertrain technologies. Hans-Jürgen Braun and Stephan Rebhan will show you what a major contribution our plants and research and development respectively are already making to **Climate Protection** and **Resource Efficiency**. You will also meet our Chief Diversity Officer Florencia Stanfield and our Human Rights and CSR Manager Thilo Schneider, who will give you an insight into the focus topics of **Fair Work and Diversity** as well as **Responsible Sourcing and Partnerships**.

Yours, Anja Rivera de la Cruz

With this in mind, we already integrated sustainability into our corporate strategy Direction 2030 in 2019.

Sustainability has been anchored at the top management level with Ingo Holstein supervising in his role as CHRO. In this way, we keep this topic constantly in the management’s focus, and discuss important decisions from a sustainability perspective as well. In setting up our structures, we opted for a network approach: Sustainability roles would be created in all important central functions and units rather than consolidating them in a single department. This is to ensure that sustainability doesn’t become an exotic island, but an integral part of the work done across all functions in the company. The sustainability core team has been working together across functions for over a year now, and our conclusion is:

The network approach has proven effective.

With the Sustainability Committee and the Core Team, we were able to develop our goals and performance indicators with the participation of all key internal functions, draw up our sustainability policy, and set up the first major projects. The network approach ensures that all topics are considered from the various functional perspectives and that each department takes responsibility and supports the targets and measures. Potential conflicts of interest can be identified and clarified at an early stage of

decision-making, which ensures broad support for the decisions across the organization. As we see it, we have created important conditions for successfully anchoring sustainability in our company.

Does this mean we have already reached our goal? – No, because there is still a lot to be done. We can only be satisfied when we meet our targets and perhaps even go beyond them. We will be satisfied when our children can truthfully say: “As a company, you are doing everything you can to prevent damage to people, the climate, and the environment and to protect the foundations of our life on this planet.” Only then will we have reached the destination of our long, exciting journey.



THE FUTURE IS ELECTRIC

FIVE QUESTIONS TO THOMAS STIERLE



What does the future of mobility look like?

At the moment, a lot is happening in the field of mobility. The forms of mobility are numerous: start-ups are working on new mobility concepts such as drones for passenger transport and self-driving robot taxis in inner cities. Besides this diversity, one thing is certain: future mobility will be electric. The transformation to electric mobility is far from being a vision for the distant future; it has already begun and is in full swing.

Electric vehicles are becoming increasingly trendy. Why is that?

We see two factors that influence future mobility here. On the one hand, legislation is changing. Emissions of CO₂ and pollutants must be reduced. One of the drivers here is the European Union's 'Fit for 55' package, which stipulates a 55% reduction in CO₂ emissions by 2030 as compared to 1990. On the other hand, consumers are becoming increasingly concerned about sustainability. Food should be as regional and seasonal as possible, plastic waste should be reduced, and clothing should have an eco-label, to name just a few. The desire for emissions-free, CO₂-optimised mobility in the form of an electric car is an obvious next step.

How is Vitesco Technologies positioned for electrification?

We have been dealing with the topic of electrification for over 10 years and have amassed a wealth of experience. We already started aligning our company with the transformation at the beginning of 2019, and see today that this was exactly the right move. Our activities started with mild-hybrid systems. We have had complete electric drive axles on the market since 2011 and have already brought the fourth generation to series production readiness. We are also very well positioned in the field of power electronics and count major OEMs from Europe, Asia, and the USA among our customers. All in all, we have a broad portfolio that covers all areas of electrification.

What are the biggest challenges?

We have already proven that electromobility works. The charging time has decreased significantly in recent years and the charging infrastructure has improved at the same time. Now we are working on making the systems more efficient. New semiconductor materials such as silicon carbide and gallium nitride are helping to make power electronics more efficient. This leads to longer ranges for electric cars or, alternatively, to smaller batteries.

What comes after electromobility?

I'd love to have an accurate crystal ball. One thing is certain: electromobility will occupy us for many years to come. We don't know what will come after it. But we will keep our eyes open and be creative so that we can continue to be at the forefront of future trends.



Thomas Stierle
Member of the Executive Board,
Head of Electrification Technology business unit



MORE EFFICIENCY WITH SMART THERMAL MANAGEMENT

GETTING THE MOST OUT OF A BATTERY CHARGE



Katharina Helten
Head of Product Group Thermal Management Actuation

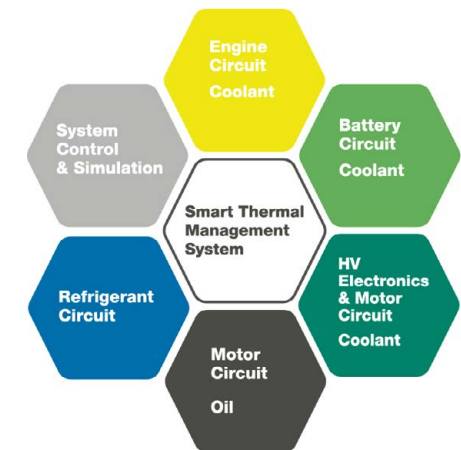
At Vitesco Technologies, we firmly believe that electrification is a key to the future of mobility – sustainable mobility, that is. If it is to prevail long-term – with long ranges, long lifetimes, short charging times and a high level of convenience – smart thermal management is needed. Which is why, at Vitesco Technologies, we are driving sustainability forward in this important field as well.

WHY THE RIGHT TEMPERATURE IS SO IMPORTANT

Our components – our electric pumps, switchable multi-way valves, and sensors – are used to optimize energy management in the vehicle. From these three product platforms, individual solutions can be created for any vehicle architecture, according to a scalable modular principle. Efficient regulation is used to adjust important components, such as the power electronics, the electric motor, and the battery, to the optimal temperature in each case. Having a way to regulate this is very important, as the various electronic components in an electrified powertrain work most efficiently and sustainably at different temperatures.

A lithium-ion battery requires a temperature of between 20°C and 40°C. The temperature of the inverter and the charging electronics should not go much above 60°C, and the electric motor should not be warmer than 80°C. And just keeping things cool isn't the only priority, either: At outside temperatures of -10°C, a lithium-ion battery delivers much less electricity than under ideal temperature conditions, nor the battery also cannot absorb the valuable currents from recuperation in this cold setting. This can shrink the range by up to 40 percent. The actuators from our Thermal Management

Actuation business unit are able to control the heating and cooling requirements in the entire vehicle in an extremely energy-saving way. As a result, we attain very high energy efficiency for our customers and achieve higher ranges – even in winter.



Holistic System Competence

LONGER LIFETIME

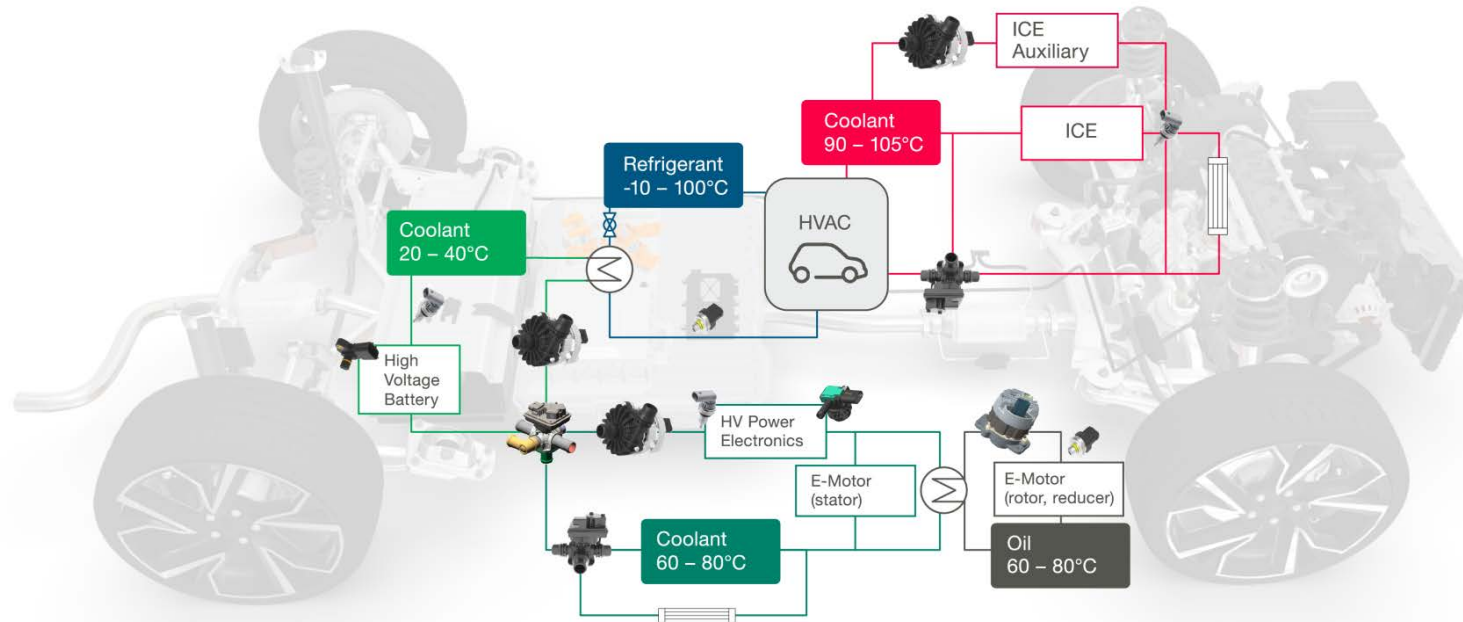
Our components also contribute to a resource-conserving consumption of raw materials by extending the service life of various electronic components. One example is high-voltage charging. At a charging station with up to 350 kW DC charging power, a lot of current flows into

the battery in a very short time, causing it to heat up considerably. Efficient thermal management removes this heat so that the charging power does not have to be reduced during the entire charging process. In this way, the battery can be charged to 80 percent in ten minutes without placing a heavy thermal load on it. This increases its service life.

SUSTAINABILITY AND COMFORT COMBINED

For our customers, climate control in the passenger compartment is important in order to offer a high level of comfort. The need to heat the compartment in winter and cool it in summer negatively impacts the range of a battery charge. Using our

components increases the efficiency of climate-control in the passenger compartment – including by pre-air conditioning the compartment during the charging process, while the vehicle is still connected to the mains. This conserves the battery charge and increases the range – while ensuring the same high level of comfort.



A smart thermal management plays a key role in ensuring that e-mobility can also establish itself in the long term, with long ranges, long lifetimes, short charging times and a high level of comfort.



OUR WAY TO A CO₂-NEUTRAL PRODUCTION

SUSTAINABILITY IN PRODUCTION

“With our clean and efficient electrification solutions, we make an important contribution to the environment. It is just as important, however, that we produce them in a sustainable and resource-conserving way. That is why we have committed to drastically reducing our CO₂ footprint,”

says Hans-Jürgen Braun, Head of Operations and responsible for all production sites at Vitesco Technologies.

But how is this to be achieved? With a clear strategy and the efforts of every single employee, says Braun.

All our sites already cover their grid electricity needs exclusively from renewable energy sources.

In addition to special green power purchase agreements and energy attribute certificates (EACs), which certify the origin of the green power, many sites also produce their own sustainable electricity. Photovoltaic systems have been installed on roofs and open spaces at the Amata City (Thailand), Bebra, Eisenach, Limbach-Oberfrohna (Germany), Brasov (Romania), Pisa (Italy), Pune (India), and

Seguin (USA) sites, which together generate 4.2 GWh of electricity per year from solar energy.

In addition, all new buildings are designed and built to the highest sustainability standards. For example, the newest plant in Debrecen, which officially started production in February 2021, was awarded LEED Gold certification. Leadership in Energy and Environmental Design (LEED) is a globally recognised certification programme for green building and tests energy and water efficiency, among other things.

“Another important cornerstone of our sustainability strategy is the Green Plant Label, an in-house certificate used to evaluate the energy and environmental performance of the sites. All sites go through a multi-stage testing



Hans-Jürgen Braun
Head of Operations





Debrecen Site

procedure. Depending on the results, they receive a bronze, silver, or gold label. Two sites have already managed to achieve gold: Amata City in 2021 and Limbach-Oberfrohna in 2020. “It is impressive to see the passion and commitment with which the many energy efficiency projects and sustainability initiatives are being driven forward in our global production network. I am very pleased that two plants have already met the high standards for the Gold label. Many more are to follow here,” says Braun.

In closing, Braun emphasises that the ambitious CO₂ targets cannot be achieved without the efforts of each individual employee, but also their personal responsibility. “I would like to thank all colleagues who actively contribute to our goal of climate neutrality every day. In doing so, they show that sustainability has become an integral part of our company’s DNA,” says Braun.



FOR A BETTER LIFE CYCLE ASSESSMENT

STEPHAN REBHAN

At Vitesco Technologies, we are intensively committed to Life Cycle Engineering (LCE), with the aim of optimizing the footprint of our products and designing them to be carbon-neutral across their entire life cycle in the long term.

Life Cycle Engineering means that when designing and developing a product, the ecological footprint of the complete value chain – from the extraction of raw materials for supplied parts, to their production and transport, to the use of the finished product and its recycling at the end of life – is considered and then optimized using scientific methods.

Many large companies are also addressing the topic, but are still at the analysis stage. We have already concluded this stage and are taking a pioneering role in the supplier industry by implementing life cycle engineering in our corporate processes. As with our sustainability strategy, we are taking a network approach to LCE to ensure that all issues are considered from the various technical perspectives. That is why we have taken LCE to execution in the form of a large, multi-phase project to roll-out, ramp up and apply Life Cycle Engineering across the entire company, i.e. across all functions, all regions, and all sites.

In the first phase of the project, which has already been completed, we successfully raised awareness of LCE across the company through a combination of training and Pulse Check surveys. As part of this phase, we also did some pilots to assess the environmental impact of some of our products using the standardized Life Cycle Assessment (LCA) methodology. LCA enables a company to analyze and transparently communicate how its products impact the environment throughout their life cycle. As our colleague Khosrau Heidary, Head of Life Cycle Engineering at Vitesco Technologies, explains, “When you know the carbon footprint of your own actions or of a product you can take appropriate additional measures or select materials to reduce their negative environmental impact.”

The pilot for this project at Vitesco Technologies was the life cycle assessment of a high-voltage inverter - a particularly complex product with many components that are also used in other areas in e-vehicles. For this product alone,



Stephan Rebhan
Head of Technology and Innovation



around 400 individual components and all steps in the value chain were recorded and analyzed. The method, which allows for automated mathematical optimization of life cycle assessments, was developed in cooperation with the University of Erlangen-Nuremberg.

After successfully completing the first phase of the project, we are currently rolling-out and implementing the LCE framework in development, production and all relevant cross-functional business processes.

But that's not all: we have launched other projects within the LCE framework as well. For example, to be able to automatically create LCAs and use Design for Environment methods to improve our products even further, we are currently developing our own LCE platform that automatically processes all the relevant data and supplies the various departments in the company with information and combination options for a lifecycle-optimized product. We are also working on the next generation of electronics – our core business – to meet the anticipated circular-economy requirements of OEMs and legislators.

To support these ambitious efforts, our company has decided to significantly increase the resources earmarked for LCE, and to accelerate the development and acquisition of know-how - a clear sign from management of LCE's importance and potential for Vitesco Technologies.



DIVERSITY PROMOTES EXCELLENCE

A PLEA FROM FLORENCIA STANFIELD



Florencia Stanfield
Chief Diversity Officer

As Vitesco Technologies increasingly taps into new markets and technologies, the company also brings together more and more people from a wide variety of cultures, with a wide range of ideas, perspectives, and talents. This diversity helps us build a sustainable business and meet the challenges of global mobility.

Since the issues of diversity, equality and inclusion are essentially about human relationships, at Vitesco Technologies we seek to create an environment where everyone feels welcome, heard, and respected, where both differences and similarities are valued, and where all talents can develop to their fullest potential. Only in this way can we create ideal conditions for developing innovative solutions for our company and the entire industry.

DE&I stands for the triad of Diversity, Equity and Inclusion. The advantages for companies of developing and introducing a “DE&I mindset” have been empirically proven: Companies with a workforce that is as close as possible to the demographic makeup of their locations, with leaders who welcome and include all employees, are demonstrably more profitable than companies that do not exhibit these traits.¹

“We don’t promote diversity for its own sake”

Vitesco Technologies therefore also actively supports Employee Resource Groups (ERGs): groups organized and led by employees that promote an inclusive working atmosphere in the company and focus on the various dimensions of diversity. A new, global ERG, the Alliance of Generations for Employee Success (AGES), has already been established. In addition, we are setting up two more ERGs: one will focus on the needs of people with (physical) disabilities, the other on working fathers and mothers. In addition, Vitesco Technologies continues to support the “PRIDE” ERG, a group for the LGBTQ+ community in the company. The existing “Women of Vitesco” ERG will be expanded globally, and a global steering committee will be established for this group.

¹ Cf: Boston Consulting Group and McKinsey & Company



ERGs offer our employees a way to participate in activities that advance one or more of the following goals: to educate and raise awareness, to network, to act as internal and external multipliers for the company, to engage with the community, to boost employee loyalty and satisfaction. The impression that DE&I efforts are not necessary is still widespread because in principle, in our society everyone with talent basically has access to the same educational opportunities, as well as job opportunities and career advancement later in life. With personal commitment and resilience, people can go far. But there's no denying it: Individual life circumstances determine whether (young) talent gets access to such crucial factors as education, technology, or people who support them, and this can have a major impact on their later success.

Ultimately, then, DE&I is about opening up opportunities for those who have not had them in the past, and ensuring that their work is sustained in the right way and with the necessary quality. Because we don't promote diversity for its own sake. We promote diversity in order to achieve excellence together.



“HUMAN RIGHTS ABUSES HAVE NO PLACE AT VITESCO TECHNOLOGIES”

THILO SCHNEIDER

At Vitesco Technologies, we firmly believe that companies can only be successful long-term if they respect and protect human rights. Sustainable economic growth, along with increases in productivity and quality can only be achieved with responsible corporate governance.

We therefore deliberately place people at the center of our corporate values: Passionate, Partnering and Pioneering.

All human beings are entitled to human rights, regardless of where and how they live. Human rights are considered innate, inviolable and inalienable. What sounds as self-evident as it is abstract has a very practical impact in everyday business life: Through our global business activities, we are directly or indirectly connected to the fate of many people, from our employees to the people in our supply chain.

We have expressed our commitment to preventing human rights violations from occurring in the first place by signing the Global Compact and acknowledging the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and Sustainable Development Goals, the ILO Core Labor Standards, and the OECD Guidelines for Multinational Enterprises.

Human rights due diligence is more important today than ever before: Globalization has changed the context in which we do business. Our customers are more diverse,



Thilo Schneider
Human Rights & CSR Manager

our supply chains more complex; we have a global presence and our workforce has become more international. However, our commitment to protecting human rights has not changed. In fact, we believe that we can make an important contribution to economic, social and political stability within the scope of our capabilities. We therefore clearly see the issue of human rights due diligence as an opportunity. At the same time, it is an effective instrument for minimizing the consequential risks of our business activities.



For this reason, our approach also includes openly addressing and communicating any conflicting goals.

For example, how can we break new ground in the area of electric mobility, reduce CO₂ emissions, develop more sustainable products, and be economically successful while at the same time being mindful of how the people who contribute to this transformation are faring along the way? How do we behave in situations where we have to balance between negative impacts on the environment and on people? So the matter of human rights is at its core a multifaceted issue and requires critical reflection on our own business practices at all times, as well as cooperation with relevant stakeholders.

How do we tackle this issue? First and foremost, by identifying relevant stakeholders and functions within the company. We have made a good start with the Human Rights Due Diligence Working Group and a dedicated Human Rights & CSR unit, which work together with the relevant functions to anchor human rights issues along the value chain and integrate them into existing management systems. Important cornerstones for this have already been laid, such as the publication of the Human Rights Policy, as well as the Code of Conduct for our employees and the Business Partner Code of Conduct for our business associates. Since June 2021, Vitesco Technologies has also been a member of the Responsible Business Alliance, a partner that will support us with know-how and resources on our way forward.



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ABOUT VITESCO TECHNOLOGIES

Source: Annual Report 2021 > Management Report > Corporate Profile > starting p.62.

Note: This text has been shortened. The text has been adjusted for page references.

STRUCTURE OF THE GROUP

ORGANIZATIONAL STRUCTURE

Vitesco Technologies concentrates on the development and production of components and system solutions for drivetrains in hybrid vehicles, electric vehicles, and combustion engines. Its portfolio comprises 48-volt electrification solutions, electric drive systems, and power electronics for hybrid-electric and battery-electric vehicles. Furthermore, its product palette includes electronic controls, sensors, actuators, turbochargers, hydraulic components, and pumps as well as exhaust-gas solutions.

Vitesco Technologies' business operations are run in four business units: Electrification Technology, Electronic Controls, Sensing & Actuation, and Contract Manufacturing.

EXECUTIVE BOARD

The Executive Board of Vitesco Technologies Group AG currently consists of five members:

- > Andreas Wolf, Chief Executive Officer
- > Werner Volz
- > Ingo Holstein
- > Klaus Hau
- > Thomas Stierle

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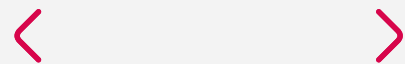
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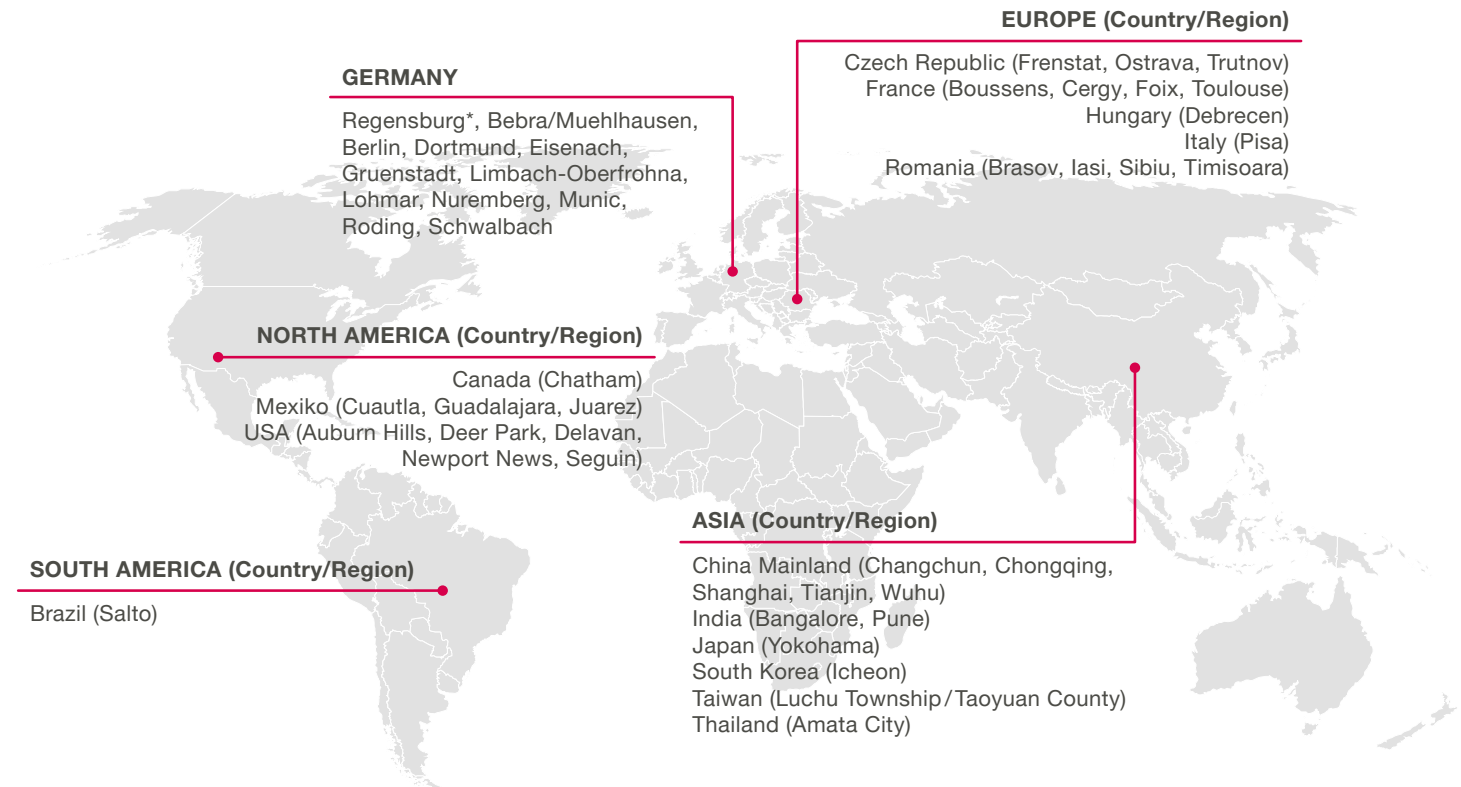
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SITES

Vitesco Technologies is active at approximately 50 locations globally and manufactures at 28 production sites in 14 different countries. Eight sites are purely for production, 22 concentrate on research and development activities, and 20 sites combine production, research, and development work.



*Headquarter

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Vitesco Technologies sells its products to customers in more than 40 countries and is a partner of almost all major OEMs worldwide. The top seven customers of Vitesco Technologies are the Ford Motor Company, the General Motors Company, the Hyundai Motor Group, the Mercedes-Benz Group, the Renault-Nissan-Mitsubishi Alliance, Stellantis, and the Volkswagen Group. These top seven customers contributed an average 71.0% of annual revenue in the three-year period between 2019 and 2021 (excluding contract-manufacturing revenue).

Vitesco Technologies has successfully achieved strong market penetration among major OEMs, including in Asia, Europe, the US, and Canada. Vitesco Technologies additionally has a broad customer base in key emerging markets such as Mexico, Thailand, India, and Brazil.

In the 2021 fiscal year, 16.1% of Vitesco Technologies' sales came from Germany. The Group's top three customers in Germany were the BMW Group, Mercedes-Benz Group, and Volkswagen Group. The rest of Europe was responsible for 29.0% of total sales, with the three most important customers being the Renault-Nissan-Mitsubishi Alliance, Stellantis, and the Volkswagen Group.

North America was responsible for 23.5% in 2021, with the top three customers being Cummins, the General Motors Company, and Stellantis.

With 30.2% of sales, Asia is the Company's largest sales market and has the General Motors Company, Hyundai Motor Group, and Volkswagen Group as its three most important customers. The remaining 1.2% of total sales are spread across other countries.

The above illustration lists customers in alphabetical order.



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OVERVIEW OF GROUP STRUCTURE

Vitesco Technologies Group

Sales: €8,348.5 million; employees: 37,488

Electrification Technology	Electronic Controls	Sensing & Actuation	Contract Manufacturing
Sales: €587.1 million Employees: 4,025	Sales: €3,535.9 million Employees: 15,685	Sales: €3,217.2 million Employees: 15,004	Sales: €1,050.0 million Employees: 2,759
<ul style="list-style-type: none"> > High-Voltage Electronics > High-Voltage Drive > Mild Hybrid Drive > Battery 	<ul style="list-style-type: none"> > Drivetrain > Electronics > Hydraulics > Non-Automotive > Turbocharger 	<ul style="list-style-type: none"> > Exhaust & Emission Sensors > Transmission & Engine Sensors > Actuators > Fluid Control Systems > Catalysts & Filters > Vitesco Technologies Aftermarket 	<ul style="list-style-type: none"> > Contract manufacturing for the Continental Group

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The Group's free float, as defined by Deutsche Börse AG, was at 49.0% at year end 2021 after initially running up to 54.0% with the initial listing on September 16. The most recent change occurred on December 3, 2021 when ASW Privatstiftung increased its total interest to 5.0% of voting rights. Exceeding the 5-percent threshold meant that Vitesco Technologies needed to consider ASW Privatstiftung as a major shareholder within the meaning of the Deutsche Börse AG definition. Its common-stock holding is therefore no longer classified as floating stock.

Vitesco Technologies' market capitalization was €1,729 million at the end of the 2021 stock-market year. Market capitalization based on free float averaged €863 million over the last 20 trading days of the reporting period. The trading volume on XETRA totaled €615 million in the period from September 16 to the end of December 2021. An average of roughly 160,000 shares were traded on XETRA per day of trading between listing and year end 2021, equivalent to about 0.4% of the shares outstanding. Among the 70 SDAX stocks, Vitesco Technologies' was ranked 32nd by free-float market cap at year end 2021.

Largest floating-stock holdings in the UK and US

Vitesco Technologies identified the distribution of Vitesco Technologies' floating share among its 50 largest floating-share holders at year end by analyzing the shareholder list. Of the free float of 19.6 million shares, 12.5 million of them held in the form of shares or alternatively as American depositary receipts (ADRs) in the US were able to be matched with the 50 largest shareholders.

The interests held by shareholders from the UK, as calculated based on the shareholder list, accounted for 12.7% of the total stock. US-based shareholders held 11.8% of the floating stock. Top-50 shareholders based in Germany held 2.1% of the floating stock, followed by shareholders in Switzerland (1.3%), Norway (0.9%), and France (0.8%).

The 46.0% interest held by the IHO Group and the 5.0% interest of ASW Privatstiftung are not considered part of the floating stock.



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Our world is changing. The effects of climate change are becoming increasingly noticeable and can be seen in natural catastrophes such as droughts or heat waves. Accordingly, the demand for environmentally friendly and socially responsible products and transportation solutions is growing larger and more important. There is increasing regulatory pressure to reduce emissions, too.

Vitesco Technologies has implemented its DIRECTION 2030 corporate strategy to set a clear direction in these volatile times and contribute to cleaner transportation. It acts as a comprehensive framework that the Company, its staff, and all other Vitesco Technologies stakeholders can use for orientation and direction. It lets arising opportunities be used strategically to ensure sustainable growth while also increasing the Company's value.

The strategy falls under the umbrella of the Company's "Electrified. Emotion. Everywhere." vision, which represents Vitesco Technologies' ambition to pave the way to clean transportation through electrification. Our passion is developing and producing intelligent and reliable solutions, for all markets, all architectures, and all people.

Our mission of "Powering Clean Mobility" was declared to provide daily motivation for the journey to an electrified world. The actions of Vitesco Technologies are based on a clear commitment to reducing emissions. By developing these solutions, the Company is shaping the future of clean mobility and

transportation and fulfilling its corporate social responsibility, acting as a dependable partner for its customers, and making profitable choices for its investors.

To enable the practical implementation of this ambitious vision by 2030 and review it regularly, the Company has defined five focus areas which each have qualitative and quantitative targets:

- > Leader in Electrified Solutions
- > Business Excellence
- > Great People, Great Company
- > Driver of Sustainability
- > Investors' Choice

The focus on being a "Leader in Electrified Solutions" is underpinned by a conviction that all drivetrains will be electrified in the future. Vitesco Technologies has a goal of being a leading supplier of products ranging from 48-volt drive systems through to battery-electric vehicle-drive systems. Accordingly, it aims to generate most of its sales from electrification by 2030.

In the midst of a changing market dynamic, Vitesco Technologies is striving to achieve a balanced global positioning in order to bolster its presence in growing markets and serve new customer categories. The three key regions for its future business development are Europe, China, and North America.

"Business Excellence" is the foundation for accomplishing the transition from combustion-engine drive to electrified drive systems. A focus on customer satisfaction and efficient production is essential for meeting or even exceeding the requirements of our customers and a foundation for gaining new business

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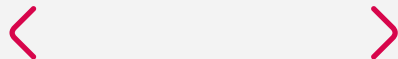
contracts. By focusing strongly on its cost structure, Vitesco Technologies ensures high profitability to finance future growth and safeguard competitiveness in a volatile market environment.

Vitesco Technologies believes that its employees are the key to lasting business success in the future. Its focus on “Great People, Great Company” is based on this belief and involves setting strategic targets to support the right employees with the right motivation in the right environment. The aim of this focus is to increase employee satisfaction and boost the long-term loyalty that skilled workers feel toward Vitesco Technologies. The Group also has a strategic focus on developing a strong corporate brand.

Sustainability is a fundamental element of Vitesco Technologies and a key requirement for its future commercial success. The focus on being a “Driver of Sustainability” centers things such as the Group’s carbon footprint. Vitesco Technologies has made it its objective to make its in-house production operations 100% carbon-neutral by no later than 2030.

Moreover, it aims to achieve full carbon neutrality throughout its value chain by no later than 2040. In terms of its products and their impact on the environment, it intends to employ life-cycle engineering throughout the product life cycle, from resource extraction to recycling, in order to optimize their emissions reduction.

All these focus areas are also reflected in an ambition of being the “Investors’ Choice.” Vitesco Technologies has set a goal of being attractive to investors, which will see progressively increasing profitability thanks to a focus on core activities. This profitability will simultaneously allow the Group to finance its future growth. It will also have a positive effect on its share price, which will develop lastingly and more strongly in comparison to relevant benchmark indexes.



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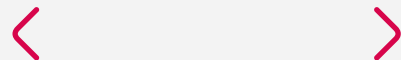
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CORPORATE GOVERNANCE

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Note: This text has been shortened. The text has been adjusted for page references.

The actions of the Executive Board and Supervisory Board are based on responsible Corporate Governance

The basis of the actions of the Vitesco Technologies Group AG Executive and Supervisory Boards is responsible corporate governance that seeks to create value sustainably and meet the interests of all stakeholder groups connected to the Company.

The following report presents the corporate governance at Vitesco Technologies.

Key corporate-governance practices

The following documents are key foundations of our sustainable and responsible corporate governance:

- > Passionate, partnering, and pioneering are the corporate values of Vitesco Technologies Group AG. Our mission, vision, corporate values, and actions based on them are the foundation of our corporate culture.
- > The Vitesco Technologies mission and vision are published on the Company's website in the "Company" section (ir.vitesco-technologies.com), while our corporate values are in the "Careers" section (ir.vitesco-technologies.com).

- > The Corporate Human Rights Policy can be found in the "Sustainability" section of the Company's website (ir.vitesco-technologies.com).
- > Code of Conduct and Business-Partner Code of Conduct. The Group publishes these codes of conduct in the "Company" section on its website (ir.vitesco-technologies.com). They define the conduct that is expected of the Group's employees and business partners in relation to ethical and legal matters. More information about compliance can be found in the Compliance chapter and online in the "Company" section of the Company's website (ir.vitesco-technologies.com).

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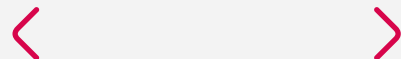
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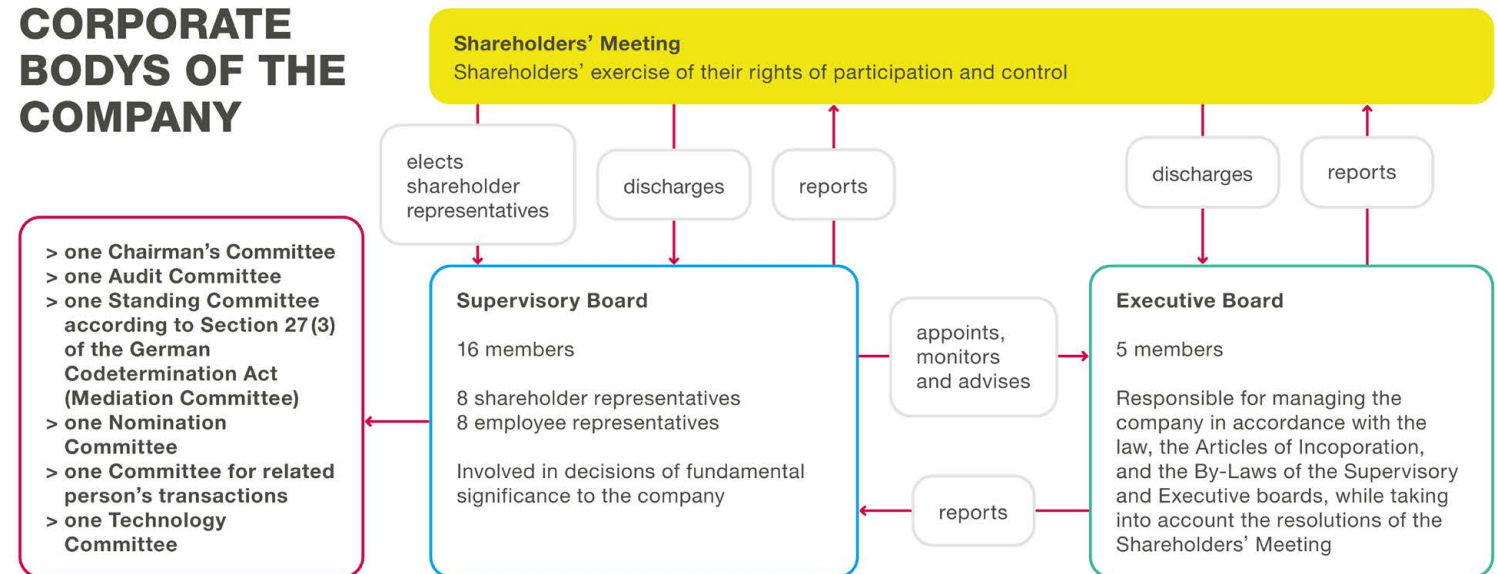
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Governing bodies of the Company

In accordance with statute law and its Articles of Incorporation, the governing bodies of Vitesco Technologies Group AG are its Executive Board, its Supervisory Board, and its shareholders acting at its Annual General Meeting. As a German stock corporation, Vitesco Technologies Group AG has a dual-management system characterized by a strict personnel division between the Executive Board as the management body and the Supervisory Board as the monitoring body. The graphical overview on the next page describes how the Executive Board, Supervisory Board, and shareholders at the Annual General Meeting interact.

CORPORATE BODYS OF THE COMPANY



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Reporting pursuant to HGB § 289f(2)(4) through (2)(6)

Definition of targets pursuant to AktG §§ 76(4) and 111(5)

In accordance with AktG § 76(4), the Executive Board of Vitesco Technologies Group AG is required to set targets for the proportion of women at the two management levels immediately below the Executive Board and a deadline for achieving these targets.

In November 2021, the Executive Board set a target of 36.4% for women at the two management levels immediately below the Executive Board at Vitesco Technologies Group AG for the period up until December 31, 2022. As Vitesco Technologies Group AG is a holding company with a small number of employees, both levels of management were consolidated for this purpose. The share of women at these two levels of management was 45.5% as at December 31, 2021. As a global enterprise, the Vitesco Technologies Group continues to attach high priority to its target of steadily increasing the proportion of women in leadership positions throughout the Group, above and beyond the legal requirements in Germany.

In accordance with AktG § 111(5), the Supervisory Board must set a target for the number of women on the Executive Board and a deadline for achieving this target. If the proportion of women is less than 30% at the time the target is set, the target must not subsequently fall below the proportion achieved. At its meeting on October 4, 2021, the Vitesco Group AG Supervisory Board established a target for women on the Executive Board in accordance with Germany's Second Leadership-Position Act

(Zweites Führungspositionen-Gesetz, FüPoG II), consisting of at least one woman when the Executive Board is made up of more than three members. This target is planned to be achieved within the next three years and no later than October 1, 2024.

Compliance with statutory gender quotas for Supervisory Board.

Vitesco Technologies Group AG is a listed stock corporation subject to the provisions of Germany's Codetermination Act, so at least 30% of its Supervisory Board must consist of women and at least another 30% men, in accordance with the principles set forth in AktG § 96(2). In terms of the composition of the Vitesco Technologies Group AG Supervisory Board, this means that it must include at least five women and five men. The Supervisory Board of Vitesco Technologies Group AG complies with these statutory quotas.

Vitesco Technologies additionally works on promoting diversity with measures such as increasing the share of female managers within the Group. The proportion is planned to increase to 20% by 2025. Women currently account for 13.6% of all managers within the Vitesco Technologies Group.

The measures and programs for promoting an international mix and women in leadership positions also have a purpose of helping with the succession planning for the Executive Board, which the Supervisory Board oversees jointly with the Executive Board. They make it possible to identify and develop potential international or female candidates for appointment to positions on the Executive Board. The medium-term goal is to use these measures to increase the diversity of the Executive Board.

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The Supervisory Board passed the following diversity policy at its meeting on October 4, 2021. It follows the recommendations of the German Corporate Governance Code as amended on December 16, 2019.

1. Description of the diversity policy

The Supervisory Board has established the following diversity policy for the composition of the Executive Board in accordance with HGB § 289f(2)(6):

When selecting a person for a position on the Executive Board, the Supervisory Board shall take note of diversity in addition to basic aptitude criteria for the position such as personality, integrity, values, convincing leadership qualities, professional performance in the field in question, previous achievements, knowledge of the Company, and ability to develop business models and processes in a changing world. The Supervisory Board believes that diversity means the following in relation to composition:

- > A sufficient mix of ages among Executive-Board members
- > Different educational and professional backgrounds
- > Appropriate representation of both genders

2. Objective of this diversity policy

The objective of the policy for the Executive Board is to use the benefits of diversity consciously for the Company's success,

since different perspectives, areas of skill and expertise, experience backgrounds, and a balanced mix of all these characteristics are an important requirement for competitiveness and long-lasting commercial success. In particular, having diversity at all levels of the Company and within the Executive Board promotes an understanding of different and international customer expectations and of new business models.

3. Method for implementation

The Supervisory Board also considers the following perspectives for the composition of the Executive Board:

- > Executive-Board members should have multiple years of leadership experience.
- > Executive-Board members should, where possible, contribute experience from different professional-training pathways and career journeys.
- > The Executive Board as a whole should possess technical expertise, especially knowledge and experience of manufacturing and selling drive technologies and products connected to them.
- > The Executive Board as a whole should possess multiple years of experience in the fields of research and development, production, sales, finance, and personnel management.
- > The Executive Board as a whole should possess international experience obtained from foreign countries and from global projects.
- > There should be a general age limit of 67 (the normal retirement age) for members of the Executive Board.

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Moreover, the Supervisory Board respects the statutory requirements for equal inclusion of women and men in the composition of the Executive Board. The Supervisory Board also defines a formal target of at least one woman member when the Executive Board consists of more than three members. This target is planned to be achieved within the next three years and no later than October 1, 2024.

When the Supervisory Board decides on a person for a specific Executive-Board position, it makes its decision in the Company's best interests and takes into account all the circumstances of the individual situation.

4. Current composition

In addition to multiple years' experience with the Group, the Executive-Board members bring with them extensive knowledge and experience from different roles, some of them international. The current five-member composition of the Executive Board meets the specified targets except for the desired proportion of women on the board. The Executive Board's ages currently range from 52 to 63, with an average age of 58.

Diversity policy for the Supervisory Board's composition

1. Description of the diversity policy

The Supervisory Board has furthermore resolved to seek a diverse composition, particularly with regard to age, gender, and educational and professional background.

2. Objective of this diversity policy

The objective of the diversity policy for the Supervisory Board is ensure a broad understanding of the societal and commercial demands placed on Vitesco Technologies Group AG. In particular, diversity is intended to help the Executive Board to be able to make business decisions based on different perspectives and varied experience.

3. Method for implementing the diversity concept

The Supervisory Board should be able to draw on different knowledge, skills, and experience as far as possible. For this reason, diversity must be taken into appropriate consideration for its composition and care must be taken when preparing nominations to ensure that the profiles of the individuals complement each other purposefully.

In line with statutory specifications, at least 30% of the Supervisory Board is to consist of women and at least 30% to consist of men.

4. Current composition

The current composition of the Supervisory Board meets the specified targets and fits the defined profile of skills and expertise.

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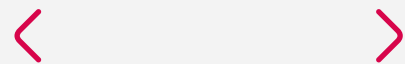
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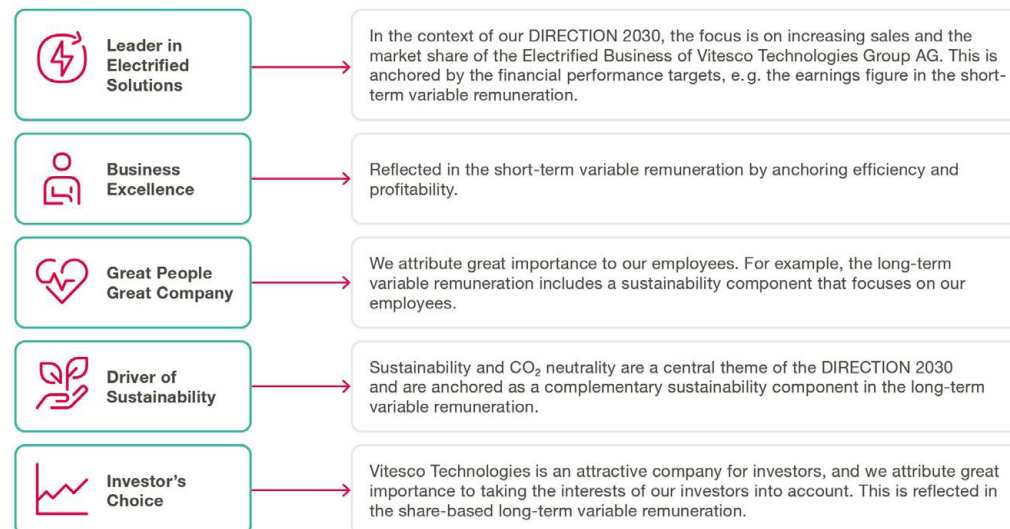
BASIC PRINCIPLES OF EXECUTIVE-BOARD REMUNERATION

Guidelines for Executive-Board remuneration

The Executive Board's remuneration system contributes significantly to the implementation of the Company's business strategy. It acts as an incentive for the Executive Board's members to achieve the key strategic targets under the DIRECTION 2030

pursued by Vitesco Technologies Group AG.

In addition to this link to the corporate strategy, a close link to performance – pay for performance – is also ensured by paying predominantly variable remuneration and by integrating specific targets. Furthermore, the remuneration system meets the regulatory requirements of Germany's Stock Corporation Act and the recommendations and suggestions of the German Corporate Governance Code.



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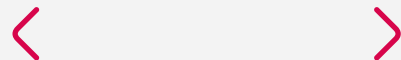
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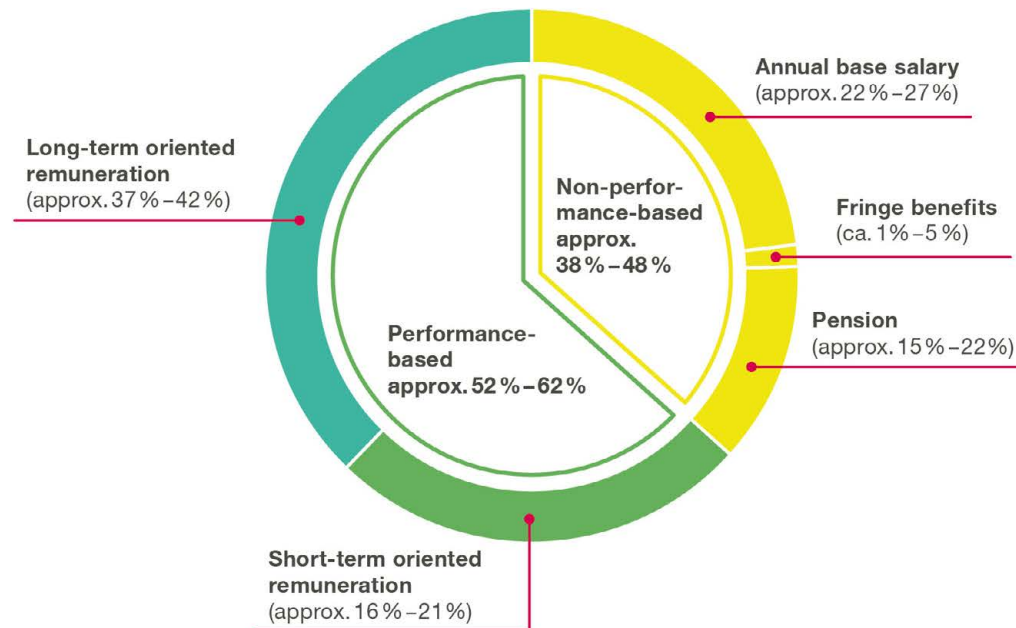
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Overview of the remuneration system for Executive Board members

The remuneration of the Company's Executive Board members consists of non-performance-based (fixed) and performance-based (variable) components. The non-performance-based components comprise the annual base salary, fringe benefits, and the company pension. The performance-based remuneration consists of a one-year performance bonus along with an equity deferral for three years, and the long-term incentive (LTI) based on a four-year period. To ensure strong

pay for performance, the share of performance-based remuneration components is larger than the share of non-performance-based components of the target total remuneration. Moreover, the variable, performance-based remuneration – comprised of the performance bonus with an equity deferral, and the LTI – are predominantly based on a period spanning several years. The illustration factors in individual salary ratios of the target total remuneration which vary slightly between individual Executive Board members. In total, performance-based remuneration makes up roughly 52% of the target total remuneration. The remuneration is structured as follows:



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The remuneration components mainly comprise the following core elements:

Component		Description
Non-performance-based remuneration components	Annual Base Salary	> Fixed remuneration paid in twelve equal monthly amounts
	Fringe Benefits	> Mainly company car, health check-up, contributions to employers' liability insurance association, health and long-term care insurance contributions, D&O insurance
	Pension	> Annual fixed contribution to basic account, contractual vesting
Performance-based remuneration components	Performance Bonus (short-term and long-term)	<ul style="list-style-type: none"> > Performance targets: <ul style="list-style-type: none"> > Earnings Before Interest and Taxes (EBIT) > Return on Capital Employed (ROCE) > Free cash Flow (FCF) > Multiplier: Personal Contribution Factor (0.8–1.2) > Payout: <ul style="list-style-type: none"> > approx. 40 % of net payout in equity deferral with three year holding period > Remainder paid out in cash > Cap: 200 % of target amount
	Long-Term-Incentive (long-term)	<ul style="list-style-type: none"> > Performance targets: <ul style="list-style-type: none"> > Relative Total Shareholder Return (TSR) > Sustainability Criteria > Term: four years > Payout: in cash > Cap: 200 % of target amount
Further contractual clauses	Malus/Clawback	The whole variable remuneration may be reduced in part or in full (malus) or reclaimed (clawback) if it can be proven that there has knowingly been a gross breach of a duty of care within the meaning of Sec. 93 AktG, of an internal company guideline or of any other obligation under the service agreement.
	Share Ownership Guideline (SOG)	<ul style="list-style-type: none"> > Four-year build-up phase of shareholding (chairperson: 200%, ordinary members: 100% of annual gross base salary). > Reduction of build-up phase and SOG target in case of shortened term of service agreement > Two-year holding obligation after termination of service agreement
	Severance Cap and Non-Compete Clause	<ul style="list-style-type: none"> > Severance cap: amounting to two years' remuneration or the remuneration for the remaining period of the service agreement; offset against the non-compete compensation > Non-compete clause of two years including non-compete compensation of 50% of the most recently received contractual compensation

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OPPORTUNITIES**

Quelle: Annual Report 2021 > Economic Report > Risk and Opportunity Report > starting p. 140.

Note: This text has been shortened. The text has been adjusted for page references. Risks and opportunities identified as material are presented in the chapter Material Risks and Opportunities.

RISK AND OPPORTUNITY MANAGEMENT IS PRACTICED TO ANALYSE AND MANAGE THE OVERALL SITUATION ACROSS THE GROUP

Business management at Vitesco Technologies is done in such a way that it aims for sustainable growth and permanent increases in the Group's value. We evaluate risks and opportunities responsibly and on an ongoing basis in order to achieve our goal of adding value.

We define risk as the possibility of internal or external events occurring that can have a negative influence on the attainment of our strategic and operational targets. As a global corporation, Vitesco Technologies is exposed to a number of different risks that could impair business and, in extreme cases, threaten the Company's existence. At the same time, there are also opportunities that we intend to consistently seize, as described in the Group Strategy chapter. We accept manageable risks if the resulting opportunities are expected to result in sustainable growth in value. For us, growth in value means achieving a permanent return on capital employed that exceeds the weighted average cost of capital.

**RISK AND OPPORTUNITY MANAGEMENT AND
INTERNAL CONTROL SYSTEM**

In order to operate successfully as a company in a complex business environment and to ensure the effectiveness, efficiency, and propriety of accounting and compliance with applicable legal and sublegislative provisions, Vitesco Technologies has created a governance system that encompasses all relevant business processes. The governance system comprises the internal control system, the risk-management system, and the compliance-management system, which is described in detail in the corporate-governance statement. The risk-management system in turn also includes the early risk-detection system in accordance with AktG § 91(2).

The Executive Board is responsible for the governance system, which also covers all subsidiaries. The Supervisory Board and its Audit Committee monitor its effectiveness.

Pursuant to HGB §§ 289(4) and 315(4), the main characteristics of the internal control and risk-management systems with respect to the accounting process must be described. All parts of the risk-management system and internal control system that could

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have a material effect on the annual and consolidated financial statements must be included in the reporting.

Key elements of the Group-wide control systems are the clear allocation of responsibilities and controls inherent in the system when preparing the financial statements. The two-person rule and separation of functions are fundamental principles of this organization. In addition, the executive management at Vitesco Technologies ensures accounting that complies with the requirements of law by issuing guidelines on the preparation of financial statements and on accounting, access authorizations for IT systems, and regulations on the involvement of internal and external specialists.

The effectiveness of the financial-reporting internal control system (financial-reporting ICS) is evaluated in major areas by testing the effectiveness of the reporting units on a quarterly basis. If any weaknesses are identified, the Group's management initiates the necessary measures.

As part of our opportunity-management activities, we assess market and economic analyses and changes in legal requirements (e.g., with regard to fuel consumption and emission standards). In addition, we deal with the corresponding effects on the automotive sector and relevant markets, our production factors, and the composition and further development of our product portfolio.

Group-wide risk awareness and establishes the framework for a consistent risk culture. The GRC Committee ensures that this policy is adhered to and implemented.

The GRC system incorporates all components of risk reporting and the examination of the effectiveness of the financial-reporting ICS. Risks are identified, assessed, and reported at the organizational level that is also responsible for managing the identified risks. A multistage assessment process is used to involve the higher-level organizational units as well. The GRC system thus includes all reporting levels, from the Company level to the top Group level.

GOVERNANCE, RISK & COMPLIANCE (GRC)

In its Governance, Risk & Compliance (GRC) Group Policy, Vitesco Technologies defines the general conditions for integrated GRC as a key element of the risk-management system, which regulates the identification, assessment, reporting, and documentation of risks. In addition, this also further increases Group-wide risk awareness and establishes the framework for a consistent risk culture. The GRC Committee ensures that this policy is adhered to and implemented.

The GRC system incorporates all components of risk reporting and the examination of the effectiveness of the financial-reporting ICS. Risks are identified, assessed, and reported at the organizational level that is also responsible for managing the identified risks. A multistage assessment process is used to involve the higher-level organizational units as well. The GRC system thus includes all reporting levels, from the Company level to the top Group level.



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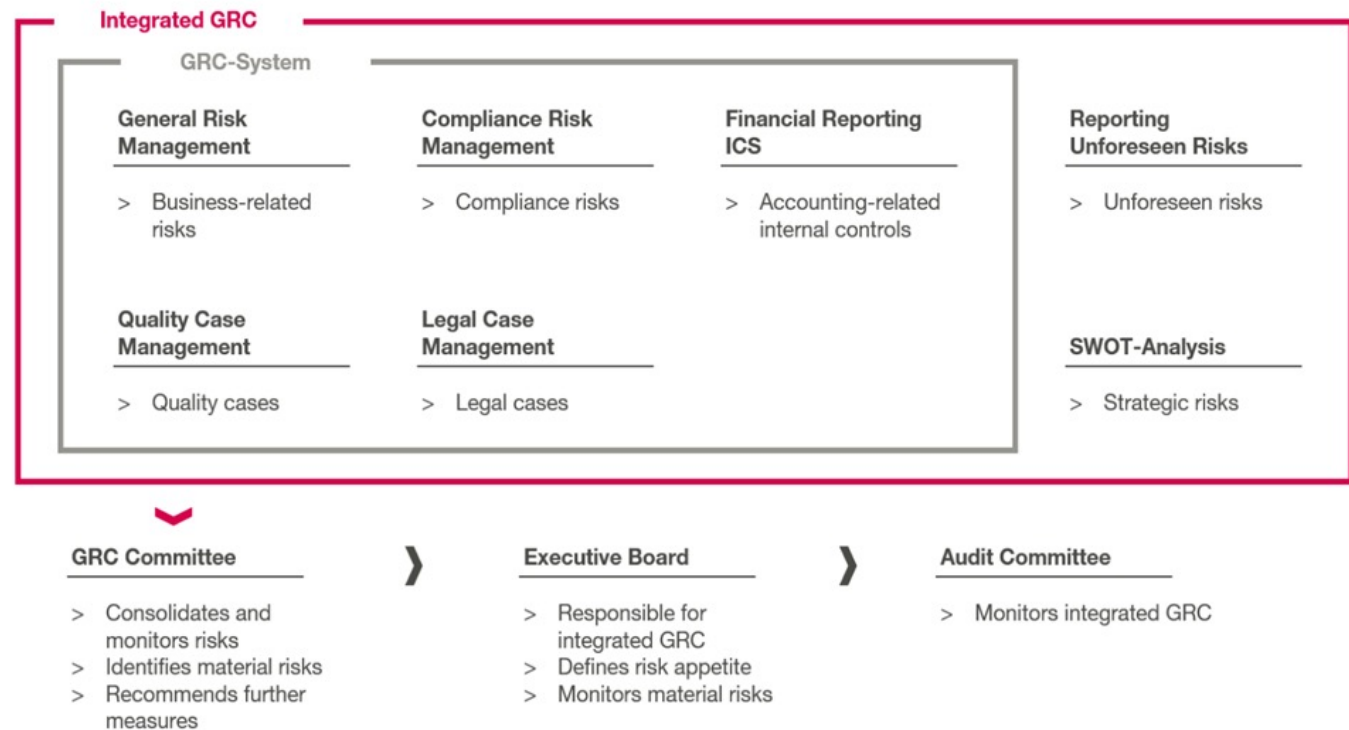
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RISK REPORTING

At Group level, the responsibilities of the GRC Committee – chaired by the Chief Financial Officer – include identifying material risks for the Group. The GRC Committee regularly informs the Executive Board and the Audit Committee of the Supervisory Board of the material risks, any weaknesses in

the control system, and measures taken. Moreover, the auditor is required to report to the Audit Committee of the Supervisory Board regarding any material weaknesses in the financial-reporting ICS that they identified as part of their audit activities.

Risk reporting



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An observation period of one year is always applied when evaluating risks and opportunities. The risks and their effects are assessed primarily according to quantitative criteria and assigned to different categories in line with the net principle, i.e., after risk-mitigation measures. If a risk cannot be assessed quantitatively, then it is assessed qualitatively based on the potential negative effects its occurrence would have on achieving corporate goals and based on other qualitative criteria such as the impact on Vitesco Technologies' reputation.

Material individual risks for the Group are identified from all the reported risks based on the probability of occurrence and the amount of damage that would be caused during the observation period.

The individual risks that Vitesco Technologies has classified as material and the aggregated risks that have been assigned to risk categories are all described in the risk and opportunity report, provided the potential negative EBIT effect of an individual risk or the sum of risks included in a category exceeds €100 million in the observation period or there is a significant negative impact on the Group's goals.

Local management can utilize various instruments for risk assessment, such as predefined risk categories (e.g., exchange-rate risks, product-liability risks, and legal risks) and assessment criteria, centrally developed function-specific questionnaires, as well as the financial-reporting ICS' process and control descriptions. The key controls in business processes (purchase to pay, order to cash, asset management, human relations, authorization, and closing the books) are thus tested with respect to their effectiveness.

All major subsidiaries carry out a twice-yearly assessment of business-related risks and an annual assessment of compliance risks in the GRC system's IT-aided risk-management application. Any quality or legal cases that have actually occurred are also taken into account when assessing these risks. The quarterly financial-reporting ICS completes regular GRC reporting.

Furthermore, the GRC Committee identifies and assesses strategic risks, for example as part of a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats). Any new material risks arising unexpectedly between regular reporting dates have to be reported immediately and considered by the GRC Committee.

In addition to the risk analyses carried out by the reporting units as part of integrated GRC, audits are also performed by the Group Audit department. The central controlling function additionally analyzes the key figures provided as part of planning and reporting.

Vitesco Technologies has set up a global whistleblower system (Integrity Line) to give employees and third parties outside the Vitesco Group the opportunity to report violations of legal regulations, its fundamental values, and ethical standards. Information on any kind of potential violations, such as bribery or antitrust behavior, as well as accounting manipulations, can be reported anonymously, where permissible by law, using this line. Tips received through the system are examined, pursued, and dealt with fully by the Group Audit and Compliance departments, as required, with the assistance of other departments.

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The relevant management initiates suitable countermeasures that are also documented in the GRC system for each risk identified and assessed as material. The GRC Committee monitors and consolidates the identified risks and suitable countermeasures at a Group level. It regularly reports to the Executive Board and recommends further measures if needed. The Executive Board discusses and decides on the measures, and reports to the Supervisory Board's Audit Committee. The responsible bodies continually monitor the development of all identified risks and the progress of actions initiated. Group Audit regularly audits the risk-management process and, in doing so, continually monitors its effectiveness and further development. ¹

¹ An overview of selected material risks and opportunities is provided in the chapter Material Risks and Opportunities. For a complete overview, please see the Risk and Opportunity Report in the Annual Report 2021.

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SUSTAINABILITY MANAGEMENT

Source: Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 75.

Note: The text has been adjusted for page references.

STRATEGIC ANCHORING

Sustainability is an integral part of Vitesco Technologies' business model and is at the core of its mission: Powering Clean Mobility. With innovative and efficient solutions, the company aims to help reduce the environmental impact of the automotive industry worldwide and promote emission-free mobility in the long term. Vitesco Technologies' management is actively driving this transformation and aligning the portfolio to the electrified future, while targeting profitable growth and operational strength.

Beyond its products, Vitesco Technologies pursues the goal of advancing sustainability in all business operations along the value chain. DIRECTION 2030, described in the Group Strategy chapter, formulates this in the "Driver of Sustainability" claim, thereby identifying sustainability as one of five strategic focus areas. A Sustainability Agenda adopted at Executive Board level with clearly defined targets and KPIs provides the framework for the strategic further development, management, and implementation of the topics identified as material for this.

The company also takes the strategic importance of sustainability into account by integrating selected performance indicators from the Sustainability Agenda into the Executive Board's

and senior executives' variable long-term incentives (LTI). More information on this can be found in the Remuneration Report and the separate Sustainability Report.

SUSTAINABILITY ORGANIZATION

To create an organizational structure for managing and implementing the Sustainability Agenda, Vitesco Technologies implemented the Sustainability, Security, Safety & Health department in 2020, which, in addition to its role as the occupational health and safety specialist department, bundles all corporate activities in the area of sustainability and coordinates the cross-functional strategy development and implementation required for this purpose. The area of responsibility of the specialist department includes the coordination of the Sustainability Committee and the Sustainability Core Team of Vitesco Technologies as well as the task of sustainability and non-financial reporting.

The Sustainability Committee of Vitesco Technologies is chaired by the Chief Human Resources Officer at the highest management level and is staffed with permanent members of management (including the Chief Financial Officer and several heads of business units) as well as internal experts. It steers and monitors

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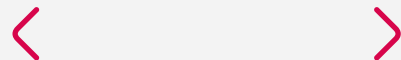
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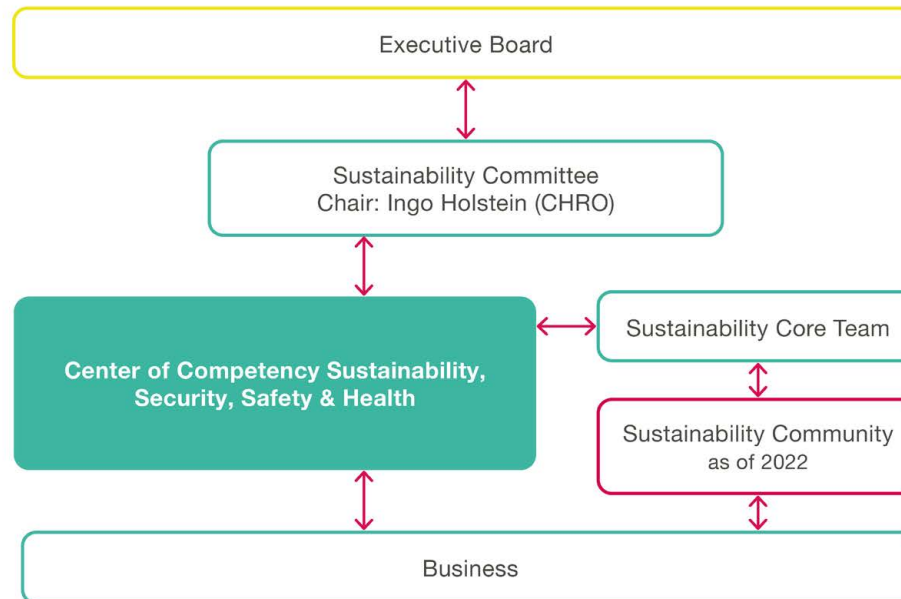


the implementation of the Sustainability Agenda. In addition, the Sustainability Committee makes decisions regarding sustainability targets, indicators, projects, and measures. Furthermore, the committee advises the Sustainability Core Team and the Executive Board and - if necessary - prepares Executive Board decisions. It meets four times a year.

At the operational level, a Sustainability Core Team with designated roles to address environmental and social issues

in the various functions (e.g. Technology & Innovation, Environmental Protection, Sales, or Procurement) is responsible for implementing the Sustainability Agenda along the value chain.

Beyond this, sustainability activities and accompanying measures are also planned and implemented from the specialist departments responsible for a given topic, as part of the business units' product development, and decentrally via country coordinators or directly at the individual Vitesco Technologies sites.



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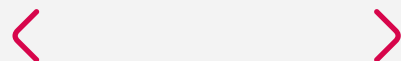
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STAKEHOLDER INVOLVEMENT

Vitesco Technologies regularly interacts with various stakeholder groups. The stakeholders are identified and selected based on their relevance to the company's business activities. In dialogues with these relevant stakeholders, matters and expectations relating to the company's social and environmental responsibility

are on the agenda as well. Vitesco Technologies takes the findings from this into account in its strategic further development of sustainability along the value chain. The following table shows the key stakeholders for Vitesco Technologies and the dialogue formats that are relevant for the respective groups.

Stakeholders involved	Dialogue formats (selection)
Employees	e.g. regular development meetings, PulseChecks, central live webcasts, intranet, newsletter, online magazine "#we are electrified," social media
Customers	e.g. key account management, collaborations, trade fairs
Shareholders and investors	e.g. conferences, annual general meeting, roadshows, capital market days
Suppliers	e.g. training, surveys, interviews
Research and science	e.g. trade fairs, university events, congresses, talks with scientific institutions, interviews and publications in print media
Trade unions and civil society	e.g. dialogue with employer associations, discussions, supervisory board meetings, invitations to committee meetings
Media and public	e.g. interviews, press releases, financial reports, information events, media round tables

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MEMBERSHIPS

Besides engaging in direct exchange with the relevant stakeholders, Vitesco Technologies engages with them through several memberships and initiatives. The following table gives an overview of the main memberships in the fields of environment,

social affairs, and corporate governance. Vitesco Technologies also plans to join the “CEO Water Mandate” in 2022.

Significant Memberships	Further information	Accession	
	econsense - Forum for Sustainable Development of German Business e.V.	https://econsense.de/	2022
	RE100	https://www.there100.org/	2021
	CDP	https://www.cdp.net/en	2022
	UN Women's Empowerment Principles	https://www.unwomen.de/aktuelles/womens-empowerment-principles-weps.html	2021
	Diversity Charter	https://www.charta-der-vielfalt.de/	2021
	United Nations Global Compact	https://www.globalcompact.de/	2022
	Responsible Business Alliance Affiliate Member	https://www.responsiblebusiness.org	2021

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To identify its material topics for sustainability reporting, Vitesco Technologies conducted an internal analysis in 2021. The analysis covered the business model (see chapter Structure of the Group and Business Model and Value Creation), as well as the company's self-commitment to sustainability-relevant internal

and external rules, its guidelines and frameworks, legal obligations, and the requirements of relevant stakeholders (see chapter Stakeholder Involvement). Material topics are listed in the table below:

Material topics in sustainability reporting	Corresponds to legal requirement pursuant to HGB §289c
Focus topics:	
Clean Mobility	Environment, Product
Climate Protection	Environment
Resource Efficiency and Circularity	Environment
Fair Work and Diversity	Employees, Human Rights
Responsible Sourcing and Partnerships	Environment, Social Affairs, Combating Corruption and Bribery, Product
Other material topics:	
Occupational Health and Safety	Employees, Human Rights
Quality and Product Integrity	Product
Innovation	Product, Environment, Social
Business Ethics and Anti-Corruption	Employees, Human Rights, Combating Corruption and Bribery

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The statutory reporting requirements considered include primarily sections 289b to 289e of the German Commercial Code (HGB) and, as an additional framework, the EU Taxonomy regulation, whose six objectives are reflected in the material topics above.

Beyond this, the external frameworks considered include the United Nations Sustainable Development Goals (SDGs), the principles of the UN Global Compact signed by Vitesco Technologies, the UN Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the United Nations Convention against Corruption. In addition, there are the core conventions of the International Labor Organization (ILO Declaration on Fundamental Principles and Rights at Work), the OECD Guidelines for Multinational Enterprises, and the Paris Agreement on Climate Change, as well as other topic-specific guidelines and standards.

Vitesco Technologies' own guidelines relating to the material sustainability topics include the code of conduct for employees (Code of Conduct) and business partners (Business Partner Code of Conduct), the Human Rights Policy, and the Environmental, Safety and Health Policy (ESH Policy). The standards of the Responsible Business Alliance, of which Vitesco Technologies is a member, must be complied with.

The identified material sustainability topics have been expressed in the form of a sustainability agenda since fiscal 2021. It serves as the basis of Vitesco Technologies' Sustainability Policy. The Sustainability Agenda was developed by Vitesco Technologies' experts' department Sustainability, Security, Safety & Health and the Sustainability Core Team and approved by the Sustainability Committee at Board level.

The sustainability agenda forms the framework for managing social and environmental concerns as well as issues of responsible corporate governance in the business activities of and with Vitesco Technologies. Five topics are in particular focus, as they are strategically relevant for the company's transformation process:

1. Clean Mobility
2. Climate Protection
3. Resource Efficiency and Circularity
4. Fair Work and Diversity
5. Responsible Sourcing and Partnerships

Among other things, these focus areas are highly relevant to customers and investors in the market and are strongly represented in the public discussion, with a correspondingly high speed and density of the regulatory environment. The ambitions associated with the focus topics as well as specific quantitative targets and key performance indicators are reported in the section Development of Material Topics.



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Quelle: Annual Report 2021 > Economic Report > Risk and Opportunity Report > starting p. 145.

Note: The chapter has been adopted in excerpts. Only selected risks and opportunities relating to sustainability are presented. A complete list can be found in the Risk and Opportunity Report. The text has been adjusted for page references.

The relative risk exposure is based on the likelihood of occurrence and amount of damage that would be caused during the observation period. The following table displays our assessments of the likelihood of the various risks and uses the below terminology to reflect specific percentage ranges.

Vitesco Technologies might be strongly affected by the ongoing negative impact of the COVID-19 pandemic.

Due to the ongoing COVID-19 pandemic and the associated measures for responding to it worldwide, there is a risk of significant and long-term negative effects on Vitesco Technologies' sales and procurement markets, including in the form of limited availability of raw materials and components and lower sales volumes. The extent of these effects depends largely on the success achieved in containing the pandemic and on the effectiveness of relief packages and fiscal stimulus provided in response. Further, there exists a risk of claims for damages from Vitesco Technologies' customers if products are not provided by the agreed time, in the agreed quantity, or of the agreed quality. Simultaneously, it is possible that Vitesco Technologies might not be reimbursed for costs from its suppliers or contractors if they cannot fulfill their contractual obligations. While Vitesco Technol-

ogies has applied measures aimed, for example, at improving its cost structure and safeguarding supply chains, there is generally a risk of considerable and long-term negative effects of €70.0 million to €80.0 million on Vitesco Technologies' earnings.

Vitesco Technologies might be exposed to significant risks associated with a global financial and economic crisis and impacts from it on relevant markets.

As a global automotive supplier, Vitesco Technologies has a high degree of exposure to fluctuating sales from OEM automobile manufacturers and fluctuating automotive production globally, which is in turn strongly dependent on the global economic situation. The main factors influencing global automotive demand are disposable income and the consumer expenditure and preferences of private households as well as fuel costs and the availability and costs of consumer credit. The automotive markets in the key Europe, North America, and Asia regions in particular are currently developing much more weakly than in the past, while also displaying increasing volatility and uncertainty. If this market weakness continues permanently and is intensified by a general economic downturn, it would likely further adversely affect the sales and earnings of Vitesco Technologies. Worldwide trends toward protectionism in the form of duties, trade embargoes, and sanctions as well as a slower economy in China could likewise have a negative impact on Vitesco Technologies' sales.

Vitesco Technologies generates a large proportion of its sales through business with OEMs. The majority of these sales is concentrated on a small number of OEMs. If one or more of Vitesco Technologies' OEM customers is lost or terminates a supply contract prematurely, the original investments made by

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Vitesco Technologies to provide such products or outstanding claims against such customers could be wholly or partially lost. There can also be risks from disadvantageous changes in the geographic distribution of global automotive demand. If the demand in one of the key regions where Vitesco Technologies generates its sales collapses without being offset by sales in other markets or regions, this could produce a considerable negative impact on the Group's sales. It is currently impossible to foresee how much markets are going to stabilize or if a further decline in demand should be expected.

The results of a scenario analysis show that this risk could result in a potential negative effect ranging from €140.0 million to €160.0 million.

Vitesco Technologies can face risks arising from geopolitical volatility and political upheaval.

Given the prevailing geopolitical and political environment, including international relationships and conflicts, we believe there is considerable uncertainty in relation to the global economic prospects.

Increased costs and a decline in sales volumes associated with any economic downturn could have significant negative consequences for the sales and profit of Vitesco Technologies.

In addition, Vitesco Technologies is a company with global operations and has business activities with customers and suppliers in countries that are subject to export-control regulations, embargoes, economic sanctions, exclusion policies, and other forms of trade restrictions. Increased impediments to trade, protectionism, and new or expanded sanctions have the potential to

restrict existing business activities in these countries or indirectly in other countries. If Vitesco Technologies becomes unable to fulfill its supply obligations in countries subject to sanctions, Vitesco Technologies might be exposed to claims from customers or suffer other losses. Furthermore, the reputation of Vitesco Technologies can suffer from business done with counterparties based in or affiliated with these countries.

Vitesco Technologies might potentially be unable to keep up with the accelerated change within the automotive industry.

The markets in which Vitesco Technologies operates are characterized by rapidly changing technologies (e.g., switching from combustion engines to electric vehicles), changes to technical and regulatory standards, and shifting customer preferences.

Due to increasingly stringent consumption and emission standards throughout the industrial world, including the EU and Asia, car manufacturers are increasingly being forced to develop environmentally friendly technologies aimed at lowering fuel consumption as well as carbon and particulate emissions. Since emission standards in Europe and other countries will consist of increasingly stringent reduction targets in the future, the number of hybrid and pure-electric vehicles is expected to increase significantly over the next few years. If this development proceeds more quickly than expected, Vitesco Technologies might be unable to meet customer needs in full and be unable to take full advantage of the potential sales that arise. Moreover, the accelerated trend toward electrification is leading to higher frequency and shorter time to market for new products. This could cause higher development costs and capital expenditure, which could have a negative effect on profitability.

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Global production of vehicles and, as a result, sales to OEMs (from whom Vitesco Technologies currently generates a large proportion of its sales) are subject to major fluctuations in some cases. They depend, among other things, on general economic conditions, disposable income, and changes in consumption patterns, which can be affected by a number of factors including fuel prices and the cost of consumer financing. Since the volume of automotive production fluctuates, the demand for Vitesco Technologies' products is also irregular. It is difficult to predict future developments in the markets that Vitesco Technologies serves. This might lead to losses of sales and earnings. Due to the heavy proportion of fixed costs in the cost structure at Vitesco Technologies, there is also a risk of fixed costs not being fully covered in the event that demand falls strongly and the Group's plants are underutilized as a result. Conversely, if the markets in which Vitesco Technologies operates grow faster than anticipated, there could be insufficient capacity to meet customer demand.

The impact on Vitesco Technologies' profit could run up to more than €20.0 million.

Vitesco Technologies depends on a limited number of key suppliers for certain products.

Vitesco Technologies is subject to the potential risk of unavailability of certain raw materials and production materials. Although the general policy of Vitesco Technologies is to source input products from a number of different suppliers, single

sourcing cannot always be avoided. Consequently, Vitesco Technologies is dependent on a few suppliers with respect to certain products. Since the procurement logistics of Vitesco Technologies are mostly organized on a just-in-time or just-in-sequence basis, supply delays, cancellations, strikes, insufficient quantities, or inadequate quality can lead to interruptions in production and, therefore, have a negative impact on the business operations of Vitesco Technologies. Vitesco Technologies tries to limit these risks by endeavoring to select suppliers carefully and monitor them regularly. However, if one of Vitesco Technologies' suppliers is unable to meet its delivery obligations for any reason (e.g., insolvency, destruction of production plants as a result of natural disasters, refusal to perform following a change in control, or the far-reaching effects of the COVID-19 pandemic), Vitesco Technologies may be unable to source input products from other suppliers on short notice at the required volume. Such developments and events can therefore cause delays in the delivery or completion of products from Vitesco Technologies and could result in Vitesco Technologies having to purchase products from third parties at higher costs or even to financially support its own suppliers. Furthermore, in many cases OEM customers have approval rights with respect to the suppliers used by Vitesco Technologies, which could make it impossible for Vitesco Technologies to source input products from other suppliers upon short notice if the relevant OEM customer has not already approved other suppliers at an earlier point in time and which could lead to order cancellations. It might then also be impossible to rule out claims for damages on a considerable scale. Furthermore, Vitesco Technologies' reputation among OEM customers could suffer, with the possible consequence that they select a different supplier.

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Due to the current shortages and supply problems in the semiconductor industry, Vitesco Technologies is currently especially exposed to the risk of increased supply chain costs of €190.0 million to €210.0 million, which stem from increased prices and disadvantageous terms for payment and delivery.

Vitesco Technologies is exposed to fluctuations in the prices of raw materials and components.

Due to global and regional supply/demand dynamics, freight costs, duties, inflation, and various other influencing factors, including the availability and price of input materials for components, the prices for raw materials and components sourced by Vitesco Technologies globally are partially exposed to significant fluctuation. At present, Vitesco Technologies only selectively hedges against the risk of rising prices of raw materials or components by using derivative instruments. If the Company is not able to compensate for the increased costs or to pass them on to customers, the price increases could reduce Vitesco Technologies' earnings by €120.0 million to €140.0 million.

Vitesco Technologies could be adversely affected by property loss and business interruption as a result of natural events.

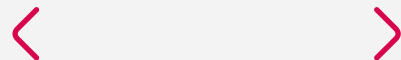
Natural hazards such as earthquakes, floods, storms, hail, volcanic eruption, lightning, fire, power failures, or other disturbances at the production facilities or within the supply chain of Vitesco Technologies – at the premises of customers and suppliers – can result in severe damage and loss. Climate change might cause these risks and their impacts to heighten significantly as time goes by. The risks arising from business interruption, loss of production, or the financing of facilities are

insured up to levels considered commercially reasonable by Vitesco Technologies, but its insurance coverage could prove insufficient in individual cases. Furthermore, such events could injure or damage individuals, third-party property, or the environment, which could, among other things, lead to considerable financial costs for Vitesco Technologies.

Vitesco Technologies is exposed to information-technology risks.

With regard to business and production processes, products, and internal and external communication, Vitesco Technologies is highly dependent on centralized and standardized information-technology systems and networks. These systems and networks are potentially exposed to the risk of various forms of cybercrime as well as damage and disruption that can have a wide range of other causes. In hacker attacks, third parties could attempt to gain unauthorized access to confidential information and data that is stored, processed, or communicated in the systems and networks. In addition, data and systems could be blocked, damaged, controlled, or destroyed as a result of becoming infected with viruses or malware.

Although Vitesco Technologies has taken appropriate precautions to manage the risks associated with system and network disruptions and corresponding attacks, an outage in a data center or telecommunication network or a comparable incident could result in systems or networks abruptly becoming temporarily unavailable. The measures taken to minimize such risks include technical and organizational precautions such as duplicated data storage and contingency plans, as well as suitable training measures that are continuously expanded, particularly to raise awareness of the growing threat from cybercrime.



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If the precautions taken prove insufficient to adequately protect the systems, networks, and information, Vitesco Technologies could suffer considerable damage and disadvantages as a result of outages or the knowledge and use of information by third parties.

Additional, burdensome environmental or safety regulations might have an effect on Vitesco Technologies, and new regulations could adversely affect demand for products and services.

As a corporation that operates worldwide, Vitesco Technologies must observe a large number of different regulatory systems in numerous countries that change frequently and are continuously evolving and becoming more stringent, particularly with respect to the environment, chemicals and hazardous materials, as well as health regulations. This also applies to regulations about air, water, and soil pollution and to waste legislation, all of which have recently become more stringent through new laws, particularly in the EU and the US. Moreover, the sites and operations of Vitesco Technologies demand various permits and the conditions imposed on them must be complied with. In the past, adjusting to new requirements has necessitated significant investments and Vitesco Technologies assumes that further significant investments in this regard will be required in the future.

Vitesco Technologies is exposed to warranty and product-liability claims.

Vitesco Technologies is frequently subject to product-liability claims and proceedings alleging violations of due care, violation of warranty obligations, or material defects, and claims arising

from breaches of contract due to recalls or government proceedings. Any such lawsuits, proceedings, and other claims could result in increased costs for Vitesco Technologies. Moreover, defective products could result in loss of sales and loss of customer and market acceptance. Such risks are insured up to levels considered commercially reasonable by Vitesco Technologies, but its insurance coverage could prove insufficient in individual cases. Additionally, any defect in a product from Vitesco Technologies could also have a considerable adverse effect on the Company's reputation and market perception. This could in turn have a negative impact on the sales and income of Vitesco Technologies. Moreover, vehicle manufacturers are increasingly requiring a contribution from their suppliers for potential product liability, warranty, and recall claims. In addition, Vitesco Technologies is subject to continuing efforts by its customers to change contract terms and conditions concerning the contribution to warranty and recall cost, which is disadvantageous to Vitesco Technologies. Furthermore, Vitesco Technologies manufactures many products pursuant to OEM-customer specifications and quality requirements. If the products manufactured and delivered by Vitesco Technologies do not meet the requirements stipulated by its OEM customers at the agreed date of delivery, production of the relevant products is generally discontinued until the cause of the product defect has been identified and remedied. Under certain circumstances, this could lead to losses of sales and earnings. Furthermore, Vitesco's OEM customers could potentially claim damages, even if the cause of the defect is remedied at a later point in time.

The quantifiable risks from warranty and product-liability claims as at December 31, 2021, taking into account provisions, amounted to €100.0 million.



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Despite all the measures implemented to ensure compliance, it cannot be fully ruled out that Vitesco Technologies Group AG or one of its subsidiaries may be on the receiving end of fines or claims for damages based on alleged or actual unlawful conduct.

Vitesco Technologies is required to pay compensation and refunds as part of investigation proceedings in connection with alleged usage of illegal defeat devices in diesel engines.

The Hanover district attorney is conducting an investigation due to the alleged usage of illegal defeat devices in Volkswagen's diesel engines. Furthermore, the Frankfurt am Main district attorney is conducting an investigation due to the alleged usage of illegal defeat devices in Mitsubishi's diesel engines. In neither investigation is Vitesco Technologies accused of being complicit. Vitesco Technologies is providing its full cooperation with the district attorneys in Hanover and Frankfurt am Main.

The Executive Board of Vitesco Technologies, based on its assessment of the current status of the investigations being conducted by the Hanover and Frankfurt am Main district attorneys, expects that the Continental Group companies that are party to the proceedings will be issued fines. While Vitesco Technologies is not itself party to the investigation proceedings, it is subject to an obligation under the agreements made with Continental AG as part of the spin-off (the Group-separation agreement) to indemnify companies within the Continental Group for costs and liabilities attributable to the business units that were

transferred to Vitesco Technologies. These costs and liabilities can include potential fines and other expenses associated with the aforementioned proceedings. In light of these circumstances, Vitesco Technologies has set aside €80.0 million in total for potential indemnification obligations to the Continental Group and for other investigation-related expenses. These funds are composed as follows: €8.5 million is a provision within the meaning of IAS 37/IAS 19 and €71.5 million is recognized as other financial liabilities within the meaning of IAS 32 owed to Continental AG based on the Group-separation agreement. In particular, the other financial liability toward companies in the Continental Group covers the current obligation that corresponds to the current status of the proceedings. There is a risk that further payment obligations will arise as the investigation goes on.

Vitesco Technologies is exposed to risks from legal disputes.

Companies in the Vitesco Technologies Group are involved in a number of legal and arbitration proceedings and could become involved in other such proceedings in the future. These proceedings could involve substantial claims for damages or payments, particularly in the US. Further information about legal disputes can be found in the Litigation and Compensation Claims chapter of the notes.

Vitesco Technologies might be unsuccessful in adequately protecting its intellectual property and technical expertise.

The products of Vitesco Technologies are highly dependent upon its technological know-how and the scope and limitations of its proprietary rights related to them. Vitesco Technologies has obtained or applied for a large number of patents and other

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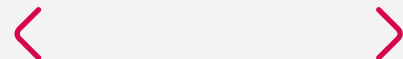
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industrial-property rights that are of considerable importance to its business. The process of obtaining patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide Vitesco Technologies with meaningful protection or commercial advantage. In addition, although there is a presumption that patents are valid, this does not necessarily mean that the patent concerned is effective or that possible patent claims can be enforced to the degree necessary or desired.

Part of Vitesco Technologies' know-how and trade secrets is not patented or cannot be protected through industrial property rights. Consequently, there is a risk that certain parts of Vitesco Technologies' know-how and trade secrets could be transferred to collaboration partners, customers, or suppliers, including Vitesco Technologies' machinery suppliers or plant vendors. Competitors could potentially copy this know-how without incurring any expenses of their own. Moreover, Vitesco Technologies has concluded a number of license, cross-licensing, collaboration, and development agreements with its customers, competitors, and other third parties under which Vitesco Technologies is granted rights to industrial property and/or know-how belonging to such third parties. It is possible that license agreements could be terminated under certain circumstances in the event of the licensing partner's insolvency or bankruptcy and/or in the event of a change of control in either party, leaving Vitesco Technologies with reduced access to intellectual property rights to commercialize its own technologies.

There is a risk that Vitesco Technologies could infringe on the industrial-property rights of third parties.

There is a risk that Vitesco Technologies could infringe on the industrial-property rights of third parties, since its competitors, suppliers, and customers also submit a large number of inventions for industrial-property protection. It is not always possible to determine with certainty whether there are effective and enforceable third-party industrial-property rights to certain processes, methods, or applications. Therefore, third parties could assert claims (including illegitimate ones) of alleged infringements of industrial-property rights against Vitesco Technologies. As a result, Vitesco Technologies could be required to cease manufacturing, using, or marketing the relevant technologies or products in certain countries or be forced to make changes to manufacturing processes and/or products. In addition, Vitesco Technologies could be liable to pay compensation for infringements or could be forced to purchase licenses to continue using technology from third parties. In addition, Vitesco Technologies is subject to continuing efforts by its customers to change contract terms and conditions concerning its contribution to disputes based on alleged IP violations, which is disadvantageous to Vitesco Technologies.

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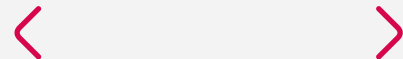
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MATERIAL OPPORTUNITIES

Unless there is an emphasis placed on a specific business unit, the opportunities apply to all business units. The Contract Manufacturing business unit was not included in this assessment due to the nature of its business doing purely contract manufacturing for Continental AG.

Vitesco Technologies would have opportunities if vehicles worldwide were to become electrified more quickly.

Not only the number of vehicles manufactured worldwide, but also the mix of electrification in this vehicle production is what determines Vitesco Technologies' potential sales. Electrified vehicles offer greater potential sales than vehicles fitted with a combustion engine. Accordingly, a stronger penetration of electrified drive systems in the world's vehicles would provide a potential opportunity for extra growth in Vitesco Technologies' sales.

Vitesco Technologies has opportunities from the electrification of commercial vehicles.

Increasing regulation in the truck market means that drivetrains for commercial vehicles increasingly need to be made more efficient and less polluting. The electrification of truck drive systems could make a contribution to this and this would simultaneously offer greater potential sales for Vitesco Technologies.

STATEMENT ON OVERALL RISK AND OPPORTUNITIES SITUATION

While there were some changes in its assessment of certain risks, the Executive Board believes that the overall risk situation faced by the Vitesco Technologies Group has not changed materially in comparison to the annotated version of its IPO prospectus dated September 7, 2021, which was connected to Vitesco Technologies' admission to the Regulated Market of the Frankfurt Stock Exchange.

Currently, the analysis in the Group-wide risk-management system has not identified any risks that would pose a threat to the Company as a going concern either individually or in combination with other risks. In the opinion of the Executive Board, there are also no discernible risks to the Group as a going concern in the foreseeable future.

When considering the material opportunities, there appears to be an appropriate overall risk and opportunity situation with which the risk-mitigating measures and Group strategy of Vitesco Technologies are aligned accordingly.

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Through its own business activities as well as through its direct and indirect business relationships, Vitesco Technologies may have a positive or negative impact on internal and external stakeholders and their social and ecological environment.

Through its activities in the areas of “Clean Mobility” and “Climate Protection,” for example, the company influences the global climate and contributes to adapting to climate change and safeguarding future conditions of life. The same is true for activities in the fields of “Quality and Product Integrity” and “Innovation.” Vitesco Technologies’ efforts to promote “Resource Efficiency and Circularity” have an impact on the conservation, further development, and diversity of natural resources and ecological systems.

In the fields of “Fair Work and Diversity,” “Occupational Health and Safety,” and “Business Ethics and Anti-Corruption,” the company directly influences the well-being and opportunities of employees and their families. The influence on human rights is particularly evident in the topic area “Responsible Sourcing and Partnerships.”

All possible positive and negative effects with which Vitesco Technologies is directly or indirectly associated through its business activities may also entail opportunities and risks for the company itself in the form of various factors such as market stability, penal consequences, reputation, as well its attractiveness as an employer, for the capital markets or as a business partner. If these consequential opportunities and risks have been assessed as material by Vitesco Technologies’ risk and opportunity management, they are listed – under net consideration (after countermeasures) – in the chapter on Material Risks and Opportunities.

The general concepts and measures with which Vitesco Technologies counters general impacts as well as significant risks and opportunities in the context of sustainability are presented in detail in the following chapter Development of Material Topics.



CLEAN MOBILITY



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DEVELOPMENT OF MATERIAL TOPICS

CLEAN MOBILITY

MANAGEMENT APPROACH

Source: Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 77.

Note: The text has been adjusted for page references.

Objective

“Powering Clean Mobility” is the Vitesco Technologies mission, so promoting the expansion of clean, climate-neutral mobility is a declared goal and an integral part of the company’s strategy. Linked to this is the ambition, as an automotive supplier, to play a leading role in the market in the transformation of powertrain technologies towards electrification and zero-emission mobility, and to actively contribute to greater efficiency and a reduction in the automotive industry’s impact on the climate and environment through innovative solutions.

Concept

Fundamental to this is the Executive Board’s strategic decision to phase out technologies that, in line with this goal, are not part of the core business and have no strategic prospects long-term. This is accompanied by a resolution to focus increasingly on the

electrified business across all business units. Recent changes in the global automotive market and automotive industry confirm the direction of the path taken.

In the transformation process, Vitesco Technologies is banking on products and technologies for the electric powertrain as well as on electrification solutions for hybrid vehicles. While electric drive implies zero emissions, the electrification of hybrids focuses on improving engine efficiency, enabling fuel savings, and reducing pollutant and CO₂ emissions, among other things.

Further information on this can be found in the Annual Report in the Group Strategy chapter, Research and Development chapter, and in the Risk and Opportunity Report.

Results

The key performance indicator in implementing the “Clean Mobility” focus topic is the revenue generated by Vitesco Technologies’ business with electric and electrified solutions (the “electrified business”). In line with the orientation of the company’s portfolio as described above, this revenue is comprised of two factors. Firstly, from the business with “pure electric” products, components, and solutions; these are required for the operation of the electric drive system.

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Secondly, from the business with products, components, and solutions for electrification in hybrid drive systems; these form a key component required for hybrid drive systems in general. Revenue generated with electric and electrification solutions amounted to € 888.1m in fiscal 2021. This corresponds to a 10.6% share of Group revenues.

KPIs	2021
Clean Mobility	
Revenue from electric and electrified solutions in € millions	888.1
Share of business with electric and electrified solutions in Group revenues in %	10.6

Further information on the topic of clean mobility and the relevant indicators can also be found below in the section Disclosures in Accordance with the Taxonomy Regulation.



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CAPACITY**

The electrification of the automotive powertrain continues to gather pace, and Vitesco Technologies is equally among the drivers and winners of this global trend. In the reporting year, Vitesco Technologies saw numerous orders for its electrification products. The order volume for electrification components in Q4 2021 alone exceeded €2 billion. Among other things the company won an order worth more than €1 billion from a major American carmaker. Vitesco Technologies will supply this customer with millions of 800-volt inverters with silicon carbide technology – an important requirement for fast charging and improving the efficiency and range of electric vehicles.

Meanwhile, Vitesco Technologies is expanding its global production: The plan is for the high-voltage inverter including power module to be produced in North America from the beginning of 2025.

Given the positive market environment for electromobility, Vitesco Technologies expects to make increasing investments in this area in the future.

BUSINESS UNITS

Vitesco Technologies is structured into three business units: “Electrification Technology,” “Electronic Controls,” and “Sensing & Actuation”.

The Electrification Technology business unit is Vitesco Technologies pioneer in electrification, and possesses more than ten years of experience. It develops and produces electric motors, integrated axle drives, power electronics, battery management systems, and 48-volt systems. The business unit pursues a strict platform approach based on modularity, integration, scalability, and system understanding.

The Electronic Controls portfolio comprises solutions for various electronic architectures and control units including software for electric, hybrid, and combustion drives, as well as transmissions and integrated high-voltage boxes.

The Sensing & Actuation business unit develops clean, powerful, safe, and cost-efficient solutions for the powertrain: Its product portfolio includes intelligent solutions for precise measurement and control of all drive systems – e.g. in the area of thermal and energy management.



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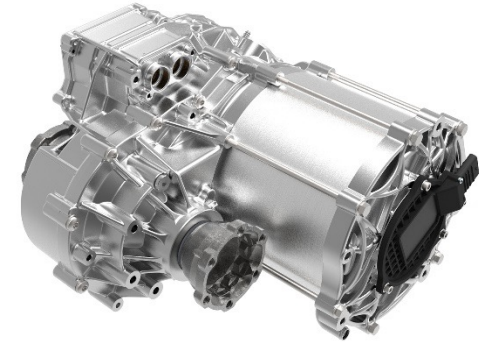
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EMR3 and EMR4**

High Voltage Axle Drive (EMR3)

Vitesco Technologies' High Voltage Axle Drive EMR3 (Electronics Motor Reducer, 3rd Generation) is an integrated electric drive system developed for the electric vehicle mass market. It consists of a permanent-magnet synchronous e-motor (PMSM), an inverter, and a reducer. The EMR3 has a high power density, low weight, and is very compact. In addition, the axis drive features a parking lock integrated directly in the reducer. So the EMR3 is designed as an all-in-one solution that does not require connecting plugs and cables between the motor and the inverter. Vehicle manufacturers benefit from [reduced efforts for integration, sourcing, and validation]. Vitesco Technologies produces the EMR3 for more than five brands and for more than ten different vehicle models. This high-voltage axle drive has been in series production since 2019.



High Voltage Axle Drive (EMR4)

The EMR4 (Electronics Motor Reducer, 4th Generation) is the latest generation of Vitesco Technologies' highly integrated electric axle drive and is scheduled for market launch in 2024. It incorporates the development and industrialization experience the company has gained with successful predecessor models. The new axle drive features a high level of integration: The modularized, standardized, and scalable drive platform lets vehicle manufacturers worldwide offer different performance levels in a single model, without having to adapt interfaces or assembly points. Compared with the EMR3, which is used in multiple award-winning vehicles, the EMR4 is even more energy-efficient. The axle drive weighs 25% less for the same output, and is cost-optimized by around 30%.



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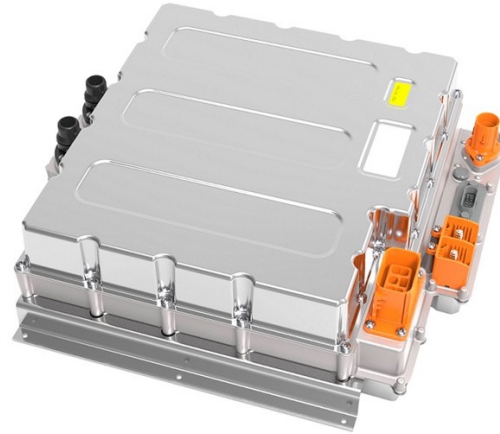
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High Voltage Box**

High Voltage Box

The High Voltage Box is the battery-charging and power-distribution unit on board electric vehicles. As a highly integrated unit, it combines three functions:

- > Safe and efficient charging of the vehicle battery at an AC charging station.
- > Providing the necessary 12-volt power in the vehicle's electrical system – e.g. for lighting, vehicle electronics, and connectivity in the vehicle.
- > Safe transfer of power to the high-performance battery when the car is charged at fast charging stations (DC charging) with up to 800V charging.

The High Voltage Box also ensures the high-voltage supply from the battery to the electric drive. In developing the box, Vitesco Technologies took into account the worldwide charging infrastructure and corresponding standards. The High Voltage Box is designed to combine various functions such as charging, voltage conversion, and power distribution in a single device to save integration effort, installation space, weight, and costs.



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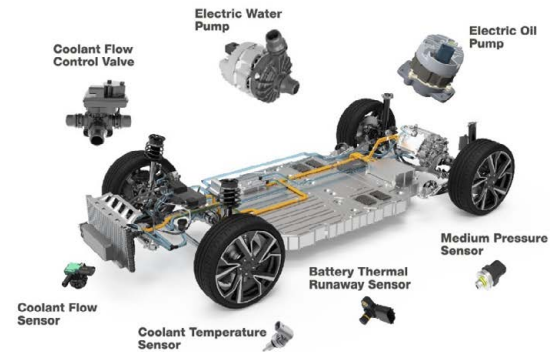
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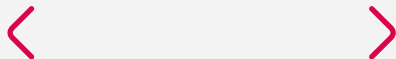
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Thermal management plays a central role in extending the range of electric vehicles. The aim is to use as much of the energy stored in the battery as possible for actual driving. At the same time, however, an appropriate level of comfort should also be ensured by the air conditioning inside the vehicle. Keeping all technical systems at optimum temperatures leads to both shorter charging times and a longer battery life.

Vitesco Technologies has developed a holistic system approach for Smart Thermal Management that includes control strategies and designs of intelligent components such as electric coolant pumps and multi-port valves as well as sensors. From these

three product groups, customized solutions for all vehicle architectures can be realized using a modular principle. Vitesco Technologies makes another important contribution to Clean Mobility through its activities in the area of lifecycle-optimized product development. For more information, please refer to the chapter on Climate Protection .





CLIMATE PROTECTION

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Source: Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 78.

Note: The text has been adjusted for page references.

Objective

In accordance with the Paris Climate Agreement, Vitesco Technologies is committed to the mission of limiting global warming to 1.5 degrees Celsius and to actively taking measures to avoid, reduce and, where necessary, compensate greenhouse gas emissions. The goal is net carbon neutrality of the company's own operating activities as well as, step by step, across the entire value chain. All data on CO₂ emissions in this report correspond to CO₂-equivalents (CO₂e).

The following stages were defined for the achievement of the objectives:

- > Since 2020: Zero CO₂ emissions (Scope 2) from external electricity purchases at the relevant production and research and development sites through a complete switch to renewable energies, including through special electricity supply contracts (Power Purchase Agreements PPAs, Green Tariffs), the purchase of Energy Attribute Certificates (EACs), and self-generated renewable energy.
- > By 2030: 100% climate neutrality of own operational activities (CO₂ emissions Scope 1 and 2).
- > By no later than 2040: 100% climate neutrality of the entire value chain (CO₂ emissions Scope 1-3).

Targets for reducing or climate-neutralizing CO₂ emissions from the company's own operating activities (Scope 1 and 2) are also part of the LTI for executives and are thus strategically integrated into Vitesco Technologies' remuneration system.

The company is also striving to improve the carbon footprint of its product life cycles. To this end, life cycle-oriented product development based on certified life-cycle analyses is to be gradually applied to all new products and part numbers. This is to be implemented for 100% of all new products and part numbers by 2030. An important element here is the automation of life-cycle analyses. The collection and evaluation of data from internal processes and processes in the supply chain are to be automated by 2023. In a parallel development, the supply chain is to be capable of collecting production-related data and making it available in an automated manner by 2025.

Concept

The development of Vitesco Technologies' climate-protection concept is the responsibility of the Sustainability Committee described in the section on Sustainability Management, as well as of the Sustainability Core Team with the respective specialist departments represented therein, and was approved by the Executive Board with the stated objectives.

With regard to its operational implementation, the Group's Quality and Environmental Protection, Technology and Innovation, and Operations (including Facility Management and Logistics) functions, as well as the Sustainability, Security, Safety & Health, play a particularly important role.

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The transformation to climate neutrality in the company's own activities and in the value chain is to be achieved primarily through the use of renewable energies from third-party sources (e.g. via EACs or PPAs) as well as in-house (e.g. photovoltaic-based) sources, through efficiency improvements, and through the development of new technologies.

Expanding the automation of life-cycle analyses plays a crucial role in achieving life-cycle optimization for low-carbon new products. The ISO 14040 and 14044 external standards are applied for this. Besides awareness-raising measures, competence transfer, and the establishment of processes and tools in the company's own business units, another key factor is empowering the supply chain to make their life-cycle and carbon footprint-relevant product data transparent.

Results

The key performance indicator for implementing the concept in the area of climate protection is the company's own CO₂ emissions defined as Scope 1 and 2 in the Greenhouse Gas (GHG) Protocol. These include direct CO₂ emissions from fossil fuels (Scope 1 of the GHG Protocol) and indirect CO₂ emissions from the purchase of electricity, steam, and heat (Scope 2 of the GHG Protocol, according to the market-based calculation method). Vitesco Technologies' own CO₂ emissions (Scope 1 and 2) totaled 0.340 million tons of CO₂e (location-based) in fiscal 2021. The company sourced 100% of its external purchased electricity at its relevant production and research and development sites

from renewable sources. This means that no more CO₂ emissions are generated for external electricity purchased at these sites (market based). Vitesco Technologies is a member of the RE100 initiative. Direct CO₂ emissions were reduced through the purchase of biomethane. Because of this, and other energy efficiency measures taken (see also section on Resource Efficiency and Circularity), Vitesco Technologies' own operational activities were already 90.6% climate neutral in 2021.

KPIs	2021
Climate Protection	
Direct CO ₂ -emissions (Scope 1) in million t CO ₂ e ^{1,2,4}	0.028
Indirect CO ₂ -emissions (Scope 2 location based) in million t CO ₂ e ^{1,2,3}	0.311
Indirect CO ₂ -emissions (Scope 2 market based) in million t CO ₂ e ^{1,2,3}	0.003
Own CO ₂ -emissions (location-based) total in million t CO ₂ e ^{1,2,3,4}	0.340
Total own CO ₂ -emissions (market-based) in million t CO ₂ e ^{1,2,3,4}	0.032
Share of external electricity procurement from renewable energies in % ^{1,2,3}	100.0
Climate neutrality rate of total own CO ₂ e-emissions in % ^{1,2,3,4}	90.6

With regard to lifecycle-optimized product development, the focus in FY 2021 was on training measures and the piloting of lifecycle analyses.

¹ Definition according to GHG Protocol.

² Includes the relevant production and research and development sites.

³ Calculated using the market-based calculation method of the GHG Protocol. Where no contract-specific emission factors were available, the standard emission factors from Defra (09/2020) were used.

⁴ Includes the purchase of biomethane.

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(SCOPE 3)

Vitesco Technologies calculates its emissions along the entire value chain. The company's carbon footprint is made up of its own CO₂ emissions (Scope 1 and 2) and indirect emissions (Scope 3). Scope 3 emissions include all business activities that take place outside the company's own processes – for example, the use of its products.

Vitesco Technologies calculates its CO₂ emissions based on the Greenhouse Gas (GHG) Protocol Scope 3 Standard and the GHG Scope 3 Calculation Guidance. The company uses emissions data from suppliers as well as mathematical calculation models. These models involve multiplying activity data by emission factors and global warming potentials (GWPs). The modeling is based on business data including environmental, purchasing, and production data on the one hand, and assumptions made by Vitesco Technologies on the other. The emission factors used are usually taken from public sources such as DEFRA (Department for Environment, Food and Rural Affairs) or are calculated using the GaBi lifecycle assessment database.

In fiscal 2021, CO₂ emissions along the value chain amounted to 11.6 million tons of CO₂e. Emissions mainly result from the purchase of goods and services and the use of our products.

Total CO₂ emissions (Scope 1-3) in fiscal 2021 were 12 million tons of CO₂e (location-based) and 11.7 million tons of CO₂e (market-based), respectively.

CO₂e emissions along the value chain
(Scope 3) total in thousands of metric tons CO₂e^{1,17}

Greenhouse Gas Protocol Categories	2021
Purchased goods and services ^{2,11,13,15}	2,985
Capital goods ^{3,11}	265
Fuel-and-energy-related emissions (not included in Scope 1 or 2) ^{4,11}	91
Upstream transportation and distribution ^{5,6,11,12,18}	179
Waste generated in operations ^{6,11}	2
Business travel ^{3,7,11,12,15}	2
Employee commuting ^{8,11}	83
Upstream leased assets ^{9,14}	15
Downstream transportation and distribution ^{15,18}	26
Processing of sold products ^{16,18}	52
Use of sold products ^{3,10,18}	7,883
End-of-life treatment of sold products ^{13,18}	30
Downstream leased assets ⁹	0
Franchises ³	0
Investments ^{3,11}	6
Total ¹⁹	11,619

¹ Calculation based on the GHG Protocol Scope 3 Standard and the Technical Guidance. ² Based on purchasing weights, ³ Based on financial data, ⁴ Based on fuel and energy demand, ⁵ Based on shipment reports, ⁶ Based on waste generation, ⁷ Based on travel reports, ⁸ Based on employee survey, ⁹ Based on rental contracts, ¹⁰ Based on market data on means of transport and types of drive (e.g. ICCT), ¹¹ Use of Defra emission factors, ¹² Use of CO₂e emissions calculated by business partners, ¹³ Modeling of emissions using software (GaBi), ¹⁴ Calculated emission factor, ¹⁵ Based on expert estimation, among other things, ¹⁶ Emission factor based on pro-rata Scope 2 emissions of our customers, ¹⁷ Proxy methods (e.g. scaling, etc.) are used in some cases to close data gaps, ¹⁸ Based on products weights, ¹⁹ Sum based on rounded values

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Total CO₂e-emissions (Scope 1-3)	2021
Total CO ₂ e-emissions (Scope 1-3 location-based) in millions of t CO ₂ e	12.0
Total CO ₂ e emissions (Scope 1-3 market-based) in millions of t CO ₂ e	11.7
CO ₂ e intensity (Scope 1-3 location-based) in kg CO ₂ e per €	1.4
CO ₂ e intensity (Scope 1-3 market-based) in kg CO ₂ e per €	1.4

PREVENTING CLIMATE CHANGE-RELATED RISKS

Vitesco Technologies uses various scenario techniques to continuously develop and implement its climate strategy. Using these methods, the company identifies and evaluates potential future risks and opportunities arising as a result of climate change.

The main focus is on the impact on the company's own organization and on the markets in which Vitesco Technologies operates. This approach enables the company to adapt to various developments at an early stage.

For fiscal 2021, Vitesco Technologies analyzed various projections as well as strategies and scenarios from customers, governments and institutions. Based on these results, the company determined, in particular, the next steps on the path to climate neutrality. The latest external scenarios assume that climate neutrality would have to be achieved before 2040 in order to keep global warming below 1.5°C. Others expect a target horizon of 2050. Vitesco Technologies takes these findings into account in its sustainability ambitions and strives to be completely climate neutral by 2040 at the latest.

In December 2021, Vitesco Technologies committed to binding targets for reducing GHG emissions by signing the Science Based Targets Initiative (SBTi) Commitment Letter. The company is currently preparing to submit these targets. Vitesco Technologies expects the SBTi to confirm them in the course of 2022. The SBTi is a partnership between the CDP (Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). The initiative helps companies set science-based targets that are in line with the Paris Climate Agreement adopted by the United Nations in 2015. According to this agreement, global warming is to be limited to well below 2 °C compared to pre-industrial levels, and preferably to 1.5 °C.

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Disclosures****IN FOCUS****FOCUS TOPIC: LIFE CYCLE-ORIENTED
PRODUCT DEVELOPMENT**

Vitesco Technologies' objective is to improve the carbon footprint of its product life cycles, and thereby to significantly reduce CO₂ emissions from vehicles. To achieve this, the company aims to gradually design and develop new products and product variants in the most environmentally friendly way possible. The entire value chain is considered: the production of supplied parts, transport and logistics, as well as use and recycling. This holistic approach is called Life Cycle Engineering (LCE).

The basis for this is life cycle assessments (LCA), which make the carbon footprint of a product measurable and transparent throughout its entire life cycle. Vitesco Technologies aims to prepare such LCAs for all new products and product variants by 2030 – as its customers are increasingly inquiring about and demanding this.

In the year under review, Vitesco Technologies developed a concept – the Life Cycle Assessment Framework - that will allow for preparing LCAs in a highly automated manner and optimizing them mathematically. The basis for this was the LCA of a high-voltage inverter, a particularly complex product with many components that are also used for electric vehicles in other areas. As part of this pilot project, around 400 individual components and all steps in the value chain were recorded and analyzed in the reporting year. Vitesco Technologies intends to roll out the Life Cycle Assessment Framework in the company. Following a

successful test phase, it will be introduced into the development, production and business processes. The company expects the Life Cycle Assessment Framework to be fully operational by 2025.

One thing is clear: When a product's current carbon footprint is known, additional appropriate measures – such as selecting the right material – can be taken to reduce negative environmental impacts going forward. Vitesco Technologies benefits from years of experience in the field of life cycle analyses, extensive databases, and highly specialized tools developed in-house. For example, a product made up of several components can be assembled or designed in myriad ways, using different materials from different suppliers, each with different supply routes, design concepts, and manufacturing methods. Through Lifecycle Engineering (LCE), Vitesco Technologies will be able to automatically determine which combinations optimize the product's life cycle assessment - while keeping the quality high and costs as low as possible.

Vitesco Technologies is also currently developing its own LCE platform: products are to be improved even further using mathematical techniques from the field of discrete optimization, The LCE platform will automatically processes all relevant data and will in future provide the various departments in the company with information and combination options for a lifecycle-optimized product.

The "LCE Awareness" project launched in 2020 ended in December 2021. The aim of the initiative was to boost aware

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ness of the strategic relevance of LCE in all functional areas across the company. The project was also about building skills and establishing key users in central areas, developing concrete action plans, and introducing an organization. In a first step, Vitesco Technologies conducted a status survey: Among other things, the questions were designed to determine what employees understand by sustainability, whether they are aware of the strategic relevance of LCE, and whether they are already familiar with terms such as LCA. Over 8,000 employees took the online survey. In addition, 16 interviews were conducted with employees from various departments. Based on the results, the company developed a training program that was carried out at all sites worldwide.

More than 100 live presentations were held. The training is also available online, and around one third of all employees completed it in the reporting year.



RESOURCE EFFICIENCY AND CIRCULARITY



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Anti-Corruption**Corporate Citizenship****EU Taxonomy Regulation
Disclosures****RESOURCE EFFICIENCY AND CIRCULARITY****MANAGEMENT APPROACH****Source:** Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 79.**Note:** The text has been adjusted for page references.**Objective**

Based on globally established management systems, Vitesco Technologies strives for an efficient use of natural resources and the prevention and reduction of waste and environmental pollution such as emissions to soil, air, and water. In addition to reducing the consumption of water, raw materials and operating supplies, the company aims in particular to reduce energy consumption. This is closely linked to Vitesco Technologies' Climate Protection targets (see "Climate Protection" section). Other items on the agenda include increasing the rate of waste recycling, reducing plastic, and using recycled materials.

In the medium term, the company has set itself the following targets for "Resource Efficiency and Circularity":

- > Increase and maintain the proportion of employees covered by certifications for environmental management systems (ISO 14001 or comparable) and energy management systems (ISO 50001 or comparable) to over 90% by 2030
- > Increase the waste recycling quota – defined as the proportion of waste that has been recycled or sent for material recycling, energy recovery, or other use – to 95% by 2030

The target of increasing the waste recycling quota is part of the variable long-term incentive (LTI) for executives in Vitesco Technologies' compensation system and is therefore strategically integrated.

Concept

The company's ESH and Energy Policies provide the framework for resource efficiency measures, waste management, and operational environmental protection. Local management systems advance the implementation of the principles set out in these policies. Corresponding organizational and technical specifications are contained in the respective ESH management manuals.

The Environmental Protection department in the Central Quality and Environmental function is responsible for strategic, company-wide environmental management, including monitoring and reporting on environment-related KPIs and other indicators. It is supplemented by ESH functions in the countries. The operative environmental protection tasks onsite are the responsibility of the site management and is coordinated by local ESH managers and supported by energy managers.

In the transformation to circularity, Purchasing and the central Technology & Innovation function also play an important role, in cooperation with the business units' product development departments. The outcome from the activities in the area of life-cycle analysis and optimization described in the Climate Protection section is of relevance. In addition to the targeted CO₂e

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improvements, “Designing for Circularity” approaches are also successively being integrated here. Beyond this, various initiatives and projects related to this are being run at different levels within the company.

Results

The KPIs for the above-mentioned Resource Efficiency and Circularity targets developed as follows in fiscal 2021:

KPIs	2021
Resource Efficiency and Circularity	
Certifications for environmental protection management systems (ISO 14001) employee coverage (as of Dec. 31) in %	91.4
Certifications for energy management systems (ISO 50001) employee coverage (as of Dec. 31) in %	81.8
Waste recycling quota in %	92.6

In fiscal 2021, the majority of Vitesco Technologies’ employees were covered by certified environmental protection and energy management systems. The coverage rate with regard to certifications for environmental protection management systems according to ISO 14001 was 91.4% as of December 31, 2021. Regarding certifications for ISO 50001 energy management systems, a coverage of 81.8% of employees was achieved.

The waste recycling quota, the third key performance indicator for the topic area of Resource Efficiency and Circularity, was 92.6% in fiscal 2021. With the help of a Group-wide awareness and participation campaign on the topic of resource conservation and waste avoidance, which was launched globally in 2021 under the leadership of the Environmental Protection department, further progress is to be made with regard to the waste recycling rate.

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STRATEGY**

Beyond the general management approach to “Resource Efficiency and Circularity,” Vitesco Technologies pursues an integrated strategy for protecting the environment in its operations. This strategy is based on the described company Environmental Protection and Occupational Health and Safety, and the organizational structure for Resource Efficiency and Circularity, and goes beyond their KPIs to focus on other key topics and indicators, which are listed below.

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Disclosures****IN FOCUS****FOCUS TOPIC: ENERGY**

Vitesco Technologies obtains 100% of its electricity from renewable energy sources – thereby contributing significantly to achieving its ambitious decarbonization targets. The goal continues to be to ensure the carbon neutrality of its electricity purchases. One of the ways the company achieves this is by purchasing “Energy Attribute Certificates” (EACs).

EACs certify the sources and locations from which the green electricity originates. All certificates of origin can be used only once – afterwards they are immediately deleted from the respective certificate registers. Purchasing is carried out centrally and thus uniformly according to defined criteria. Vitesco Technologies is guided by the quality criteria of the RE100 initiative, which the company joined in June 2021. Under the leadership of the Climate Group and in partnership with CDP (formerly the Carbon Disclosure Project), RE100 has set itself the goal of accelerating the expansion of carbon-neutral networks. 340 influential companies have now joined forces under RE100 and have committed to sourcing 100% of their electricity

from renewable energy sources by no later than 2050.

Both the quality and quantity of certificates of origin are assured through an internal process. This process and all associated proofs and supporting documents have been audited and verified by independent third parties.

Besides purchasing CO₂-neutral electricity, Vitesco Technologies uses other levers to achieve its decarbonization goals: The spectrum here ranges from expanding the company’s own renewable energy generation, to increasing energy efficiency, to the electrification of heat use of biogenic energy sources. For example, the Eisenach site has been using electricity generated from its own new photovoltaic system since March 2021. The ground-mounted system covering around 10,000 m² generates some 725,000 kWh of electricity per year, saving around 302 t of CO₂ emissions per year.

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With its risk-based approach, Vitesco Technologies focuses specifically on regions in the world where water is becoming increasingly scarce. The company's goal is to reduce water demand in areas with a high risk of water scarcity by 4% per year (based on sales) by 2030, and in areas with a medium risk of water scarcity by 2% per year (based on sales). To achieve this, Vitesco Technologies is mainly pursuing efficiency projects with a focus on avoiding water use and reusing the resource multiple times.

For example, the Ciudad Juarez site (Mexico) plans to implement a total of 30 efficiency projects at its three operating units Aerotech, Viatech and Santa Teresa from 2021 to 2024. They range from water savings in sanitary areas to the use of condensate and rainwater for irrigation and toilet flushing. The Seguin site (USA) switched to waterless urinals in its sanitary areas during the reporting year. In 2022, it is planned to divert condensate water from air conditioning and ventilation systems to cooling towers. In addition, sludge water from cooling towers will be reused as gray water for sanitary facilities, and rainwater will be collected. All three measures are expected to save drinking water from the public water supply.

All Vitesco Technologies sites are consistently and regularly assessed using the World Resources Institute's updated risk assessment tools – the Aqueduct tools. In this way, the

company ensures that the available resources are used in a targeted, efficient manner. The most recent analysis was carried out in the reporting year.

Beyond this, Vitesco Technologies plans to join the United Nations' voluntary "CEO Water Mandate" initiative in 2022, to ensure regular exchange and interaction about best practice solutions and current opportunities and risks in the field of water management.

In fiscal 2021, the company's total water withdrawal amounted to 1.26 million m³. This was made up in particular of drinking water from public water suppliers as well as groundwater and surface water withdrawals. The withdrawals are approved by the authorities with regard to the maximum withdrawal volumes. Some of these sources are located on the edge of groundwater protection zones. No negative impacts on biodiversity or local communities were identified either internally or by the authorities during regular monitoring.

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Vitesco Technologies strives to recycle its waste or, in the best case, avoid it altogether. The company's goal is to reduce waste generation by 2% per year (based on sales) by 2030. It also aims to increase each site's waste recycling rate to at least 95% by 2030. The waste recovery quota measures the proportion of waste that has been recycled or sent for material, thermal or other recovery.

Vitesco Technologies' environmental strategy makes a significant contribution to anchoring the circularity approach throughout the company: for example, consistent and systematic waste management is already an integral part of Vitesco Technologies' waste logistics.

To achieve its goals, the company has already initiated several projects, including the Waste Recycling Boost Project, which was launched in the reporting year: Nine sites were selected that have the highest volume of waste that is not recycled but sent to landfill. In the project, this waste will be analyzed in detail so as to leverage any recycling potential. This analysis is scheduled to be completed in 2022. Vitesco Technologies is also involved in the "Working Group

on Disposal Controls" of the German Association of the Automotive Industry (VDA). The aim is to develop standards for the inspection and auditing of waste disposal companies. The volume of waste generated by Vitesco Technologies in the reporting year was 32,169 tons. The share of hazardous waste in fiscal 2021 was 14.5%. Vitesco Technologies commissions officially approved and certified waste disposal companies to ensure proper waste disposal. The waste recycling quota in fiscal 2021 was 92.6%.

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DisclosuresKEY FIGURES FOR OPERATIONAL
ENVIRONMENTAL PROTECTION IN DETAILKPIs Environmental Protection in Operations¹

2021

Total energy consumption in TWh	0.76
Total energy consumption by energy source in %	
Electricity	74.8
Natural gas	13.6
Biogas	6
Diesel	2
District heat	1
Steam	1
Other	1.6
Energy intensity in MWh by group sales in € million	91.6
Energy reduction achieved from efficiency projects; in GWh	10.5
Total waste volume in t	32.169
Waste generated by category in %.	
Hazardous	14.5
Non-hazardous	85.5

KPIs Environmental Protection in Operations¹

2021

Waste intensity in t by group sales in € million	3.9
Total water withdrawal in million m ³	1.26
Total water withdrawal by source in %	
Drinking water	93
Groundwater	5.5
Rainwater	0.5
Other external sources	1
Water intensity in m ³ by group sales in € million	151.5
Wastewater in m ³	0.87
Wastewater by destination in %	
Sewerage	90
Surface water	8
Groundwater	2

¹ Coverage of relevant production and relevant research and development sites.

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Disclosures****IN FOCUS****THE GREEN PLANT LABEL**

Vitesco Technologies has awarded the in-house “Green Plant Label” to its production and development sites since 2016. The aim of this initiative is to improve the sites’ environmental performance and resource efficiency. The sites are systematically analyzed and evaluated with regard to their implemented standards and projects in the fields of “Strategy and long-term planning,” “Management systems,” “Reduction of CO₂ emissions Scope 1-3,” as well as “Energy efficiency,” “Water,” and “Waste.”

The sites analyze the respective topics as part of a self-assessment – this not only provides them with information on the status quo, but also helps them take action to further systematically improve their environmental performance and resource efficiency. The results are verified by internal audits. A successful verification results in the awarding of a label in bronze, silver or gold. Each label is valid for three years and must then be renewed. The catalog of requirements for the “Green Plant Label” is continuously developed and adapted annually. In this way, Vitesco Technologies seeks to ensure that the sites develop sustainably.

Nine sites were awarded the “Green Plant Label” in the reporting year. Amata City (Thailand) was the first Asian site to achieve the Gold Label, two sites were awarded Silver, and six Bronze – including the two new sites in Debrecen (Hungary) and Pune (India).



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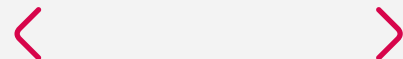
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Disclosures****MATERIALS MANAGEMENT**

Vitesco Technologies complies with new or amended laws on materials – and therefore also with all applicable environmental laws and regulations for the development, manufacture and use of products as well as their recycling.

The company pursues an approach for more eco-friendly product design: one key internal requirement is that new products must have an ever higher proportion of recycled materials. Wherever they are suitable for the intended application, recycled materials are to be preferred. Also, the basic material of new products must be easy to recycle.

Vitesco Technologies is shaping the transformation towards circularity with various initiatives and projects that are managed at different levels within the company. These include, for example, the reduction of plastics, the use of recyclates, and operational waste management. See also the section Focus Topic: Waste.

ENVIRONMENTAL COMPLIANCE

Environmental responsibility at Vitesco Technologies is organized according to the top-down principle in accordance with applicable laws and regulations. The process ensures that the organizational structure and responsibilities related to the environment are clearly defined and comply with legal requirements. A defined delegation process ensures that legal responsibilities are assigned at all levels of the organization. In addition, Vitesco Technologies has established an integrated Environment, Safety and Health (ESH) management system to manage applicable environmental requirements. Product-related environmental regulatory requirements are managed and monitored using the Vitesco Technologies Technical Compliance Management System.

No known violations of environmental protection laws or regulations have been identified. See also the chapter on Litigation and Compensation Claims.



FAIR WORK AND DIVERSITY



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Disclosures****FAIR WORK AND DIVERSITY****MANAGEMENT APPROACH****Source:** Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 81.**Note:** The text has been adjusted for page references.**Objective**

Passionate, Partnering, Pioneering – these are the values that guide Vitesco Technologies as it pursues the goal of offering its employees fair and attractive working conditions with personal freedom, opportunities for further training and career development, flexibility, and a special focus on diversity, equity, and inclusion. This aspiration, summed up as the “Great People, Great Company” focus area, also forms an essential pillar of Vitesco Technologies’ DIRECTION 2030, which is presented in the Group Strategy chapter. Behind this is the conviction that happy employees in a fair and diverse working environment are a key factor for Vitesco Technologies’ sustainable business success.

Against the backdrop of technological change toward electrification, HR work also includes managing the associated shifts in required resources and expertise, and supporting employees through the transformation process with appropriate measures. Training and development, as well as dialogue with employees and their representatives in a spirit of partnership, play a decisive role here, as does retaining and recruiting talent based on a convincing positioning as an attractive employer.

In the field of Diversity, besides the aspect of internationality, Vitesco Technologies places a particular priority on strength-

ening the role of women in the workplace. Information on the Diversity Concept and targets at the level of the Supervisory Board, Executive Board and the management level below the Executive Board can also be found in the Corporate Governance chapter.

As part of its Sustainability Agenda, the company is pursuing two key targets in the area of Fair Work and Diversity:

- > Raise share of women in Executive and Senior Executive positions to 20% across the company by 2025
- > Increase the Employee Net Promoter Score (eNPS) – a measure of employee satisfaction – to 20 points by 2030. To determine the eNPS, employees answer the question “How likely are you to recommend Vitesco Technologies as an employer to friends and family?” in a regularly conducted survey.

Reliable labor standards and the protection of human rights in all company activities are also an essential basis and goal of the HR work done by Vitesco Technologies. Implicit in this are the principle of freedom of association and the right to collective bargaining, clear regulations on working hours, wages, and social benefits, and zero tolerance of human rights violations including child labor, forced labor and modern slavery, as well as any form of violence, harassment, and discrimination. By the beginning of 2023, existing processes for monitoring and implementing labor standards and human rights due diligence are to be systematically expanded in the HR management systems as well.

For more information on human rights due diligence, see the Responsible Sourcing and Partnerships chapter.

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The Vitesco Technologies Code of Conduct adopted by the Board of Directors and the company's Human Rights Policy set out the cornerstones for fair work and diversity. The Code of Conduct and the Human Rights Policy also comply with the standards of the Responsible Business Alliance industry association, of which Vitesco Technologies has been a member since 2021. Employees receive regular training on the Code of Conduct. From 2022, regular training is also planned on the focus topic of Human Rights.

Vitesco Technologies' strategic HR work is coordinated and managed from the Human Relations (HR) & Sustainability (S) Group function under the supervision of the Chief Human Resources Officer (defined in the HR&S Manual). All strategic HR activities are embedded in the DIRECTION 2030 group strategy and are accompanied by the company values. At its core, the strategic contribution of the HR&S Group function focuses on efficient processes, a future-proof organization, and successful transformation. The methodology and process of implementing the HR strategy is supported by two main instruments: 1. A target business model describes and defines the various roles, responsibilities, and working methods within the global HR&S Group function. 2. An HR management system is currently being set up for documenting and managing HR-related guidelines, standards, processes, forms, and instructions; it will be used to manage business processes as well as identify and mitigate process-related risks. The establishment of the Vitesco Technologies HR Management System is expected to be completed by the end of 2022.

The Group function HR&S comprises seven cross-company Centers of Expertise (CoE) that report directly to the Chief Human Resources Officer: 1. Talent Management, Organizational Development, Employer Branding and Recruiting; 2. Group Reward, Global Mobility & Business Travel; 3. Labor Relations; 4. Global People Services; 5. People Analytics & Technology; 6. Sustainability, Security, Safety & Health; and 7. Diversity, Equity, & Inclusion. Regional HR country contacts in the various countries, and HR contacts with responsibility for Vitesco Technologies' business units, are functionally reporting to the Chief Human Resources Officer.

All heads of the Centers of Expertise, as well as the functional HR contacts in the countries and business units, meet in monthly HR&S management team meetings. The meeting serves as the central steering and decision-making body within the HR&S Group function. The progress of ongoing projects, activities, and initiatives within the Group HR&S function of Vitesco Technologies is reported here. When staffing and implementing projects, care is taken to ensure a balanced involvement of all HR contacts so that equal consideration is given to the individual perspectives of the business units, Centers of Expertise, and countries.

The regular review of progress towards increasing the share of women in management positions is carried out through quarterly reporting to the Executive Board. In addition to presenting the current share of women, the reporting also includes a forecast of future developments and measures that have been defined for their implementation. The share of women in management positions is also integrated as a key performance indicator in the LTI for executives.

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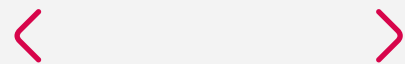
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Vitesco Technologies conducts employee surveys to monitor and incorporate employee concerns and satisfaction levels. In addition, there is a regular exchange of views with trade unions and employee representatives at various levels of the company. In Germany, for example, there are local works councils at all Vitesco Technologies GmbH, Vitesco Technologies Germany GmbH, Vitesco Technologies Emitec GmbH and Vitesco Technologies Roding GmbH plants, as well as three general works councils for the first three companies mentioned. In these, as in Vitesco Technologies Group AG, there are also co-determined supervisory boards.

In 2021, with the spin-off from Continental AG, a European Works Council was also established.

Results

In FY 2021, implementing the described organizational structures and processes for HR work formed a focus of activities.

The KPIs defined for Fair Work and Diversity developed as follows:

KPIs	2021
Fair Work and Diversity	
Share of women in management positions (executives and senior executives; as of Dec. 31) in %	13.6
Employee Net Promoter Score, eNPS ¹	19

¹ The reported value is the average value from two short employee surveys conducted in 2021 ("Pulse Checks"). The question "How likely are you to recommend your company as an employer to friends and family?" was answered on a scale of 0-10. The eNPS is then calculated by subtracting the proportion of "detractors" from the proportion of "promoters." Detractors rate their likelihood of recommending their employer with a score of 0 to 6 ("very unlikely" to "not likely"), while promoters rate it at 9 or 10 ("likely" to "very likely"). "Passives," who give ratings of 7 and 8, are not counted. A result of between -100 and +100 is possible.

The share of women in management positions (executives and senior executives) throughout the Group is 13.6%. Key measures to increase the share of women included special consideration and promotion of the "Female Talents" focus group in internal talent management and a mandatory mix of women and men in the recruitment process during interviews and in the short-listing process. Vitesco Technologies is also working on gender-sensitive design of job advertisements and tries to take this into account in all job postings. To reaffirm its commitment to gender diversity and equal opportunities, Vitesco Technologies has also been a signatory to the UN Women's Empowerment Principles and the Diversity Charter since 2021.

The second key performance indicator, the employee Net Promoter Score (eNPS), was 19 in 2021. The eNPS 2021 is the average of two eNPS surveys conducted in fiscal 2021. The company's explicit promoters (rating of 9 or 10) clearly outweighed its detractors (rating of 0 to 6), sending a positive signal of employee satisfaction and Vitesco Technologies' attractiveness as an employer. The surveys were addressed to all Vitesco Technologies employees with a valid email address. The average response rate was 44%.

The company achieved further significant results in the HR topics of flexibility and personnel development. For example, in addition to the option of time off in the event of a child's illness, parental leave, grandparental leave, educational leave and sabbaticals, Vitesco Technologies continued to offer its employees the option of home office introduced in 2020; as well as, depending on the various local laws, part-time work, bridging part-time work and predominantly flextime agreements at the sites.

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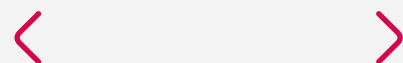
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Vitesco Technologies was thus able to successfully meet the challenges of flexible working associated in particular with the COVID-19 pandemic in 2021 as well.

To support and develop its staff in the transformation process, Vitesco Technologies also continued its qualification offensive for electrification and e-mobility launched in 2019. In 2021, the offering was expanded worldwide for individual learning: at universities, with in-house coaches, or on-the-job. In this connection, the in-service training Electrification Program I & II was held in 2021 in collaboration with universities in Germany, and by internal experts due to the pandemic.

PERSONNEL EXPENSES

Source: Annual Report 2021 > Consolidated Financial Statements > Notes to the Consolidated Financial Statements > Notes to the Consolidated Statement of Income > p. 217.

The following total personnel expenses are included in function costs in the income statement:

€ million	2021	2020
Wages and salaries	1,572.0	1,455.8
Social-security contributions	322.2	304.7
Pension and postemployment benefit costs	80.5	74.0
Personnel expenses	1,974.7	1,834.5

Compared to the 2020 reporting period, personnel expenses rose by €140.2 million to €1,974.7 million (previous year: €1,834.5 million). The average number of employees in 2021 was 38,958 (previous year: 39,539). As at the end of the year, there were 37,488 (previous year: 40,490) people who were employed within the Vitesco Technologies Group.

Personnel expenses have risen year on year. Due to the ongoing restructuring in the Sensing & Actuation and Contract Manufacturing segments, the head count in these areas grew smaller, while more staff members were added in the Electrification Technology segment and central functions. This addition of staff members is associated with new roles due to the spin-off and build-up of production capacity. Fiscal 2020 was also marked by short-time working hours. Please also see the comments in the management report.

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Quelle: Annual Report 2021 > Consolidated Financial Statements > Notes to the Consolidated Financial Statements > Notes to the Consolidated Financial Statement of Financial Positions > p. 236.

Note: This text has been shortened.

The following table outlines the employee benefits:

€ million	Current		Noncurrent	
	2021	2020	2021	2020
Pension provisions (unfunded obligations and net liabilities from obligations and related plan assets)	–	–	758.8	794.6
Provisions for other postemployment benefits	–	–	32.1	32.4
Other employee benefits	–	–	75.5	96.6
Short-term employee benefits	244.1	209.6	–	–
Employee benefits	244.1	209.6	866.4	923.6

A net surplus from pension plans after calculating defined-benefit assets led to recognition of an asset of €6.3 million (previous year: €3.8 million).

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Vitesco Technologies had 37,488 employees worldwide in fiscal 2021. This headcount takes into account all employees, with the exception of apprentices.

Number of employees (headcount) by categories (as of Dec. 31) in %

Share of employees by region

Germany	26.4
Europe without Germany	27.6
Asia	24.1
North America	21.6
Other countries	0.3

Share of employees by tenure

> 15 years	26.4
10-14 years	15.1
6-9 years	15.8
3-5 years	19.4
1-2 years	11.9
< 1 years	11.4

Share of employees by employment contract

Temporary	49.7
Permanent	50.2

The table below shows a breakdown of employees by various categories that are relevant to the Vitesco Technologies staff.

Number of employees (headcount) by categories (as of Dec. 31) in %

Share of employees by employment type

Full-time	95.6
Part-time	4.4
Ratio of leasing employees	4.5

Share of employees by gender¹

Female	35.0
Male	65.0

Share of employees by age group

< 30 years	19.4
30-50 years	58.9
> 50 years	21.7

Share of employees with disabilities²

Rate of unforced fluctuation ³ in %	7.7
--	-----

¹ An in-house project is currently working on expanding data collection to include the three genders male, female and diverse. The project is scheduled for completion in 2022. Regarding jobs in Germany within the meaning of §§ 156ff. of SGB IX. ² Regarding jobs in Germany within the meaning of §§ 156ff. of SGB IX. ³ Definition: voluntary departure of employee from the company relative to the average number of employees.

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Disclosures****IN FOCUS****FOCUS TOPIC: DIVERSITY, EQUITY AND INCLUSION**

As outlined in the management statement on the topic of “Fair Work and Diversity,” the topic of diversity, equity and inclusion (DE&I) is of particular importance within Vitesco Technologies’ human resources work.

In 2021, Vitesco Technologies formed another cross-company Center of Expertise (CoE) for DE&I within Human Resources. In the course of this, the position of a Head of DE&I was also created, reporting directly to the CHRO. In 2022, it is planned to fill the position of a strategic DE&I leader in Europe. In addition, Vitesco Technologies plans to establish a global DE&I Council and three regional DE&I Councils in North America, Asia and Europe, which will be consulted on key DE&I decisions.

The company also signed the “UN Women’s Empowerment Principles” and the “Charta der Vielfalt” (diversity charter) in the reporting year. In doing so, Vitesco Technologies reaffirms its commitment to gender diversity and equal opportunities.

Mixed teams and promotion of women

Vitesco Technologies is convinced that diverse teams offer a strategic advantage. Accordingly, the company relies on strong, diverse teams in all lines of business and at all levels.

Even without statutory requirements, Vitesco Technologies

is committed to meeting its annual targets for the share of women in senior positions: The goal is to increase the share of women in senior positions (executive and senior executive positions) across the Group from currently 14% to 20% by 2025.

Vitesco Technologies supports the achievement of these goals with various initiatives, programs and measures: For example, the company promoted female talent in the reporting year by offering additional slots in mentoring and sponsoring programs. It also placed greater emphasis on special employer-branding campaigns for this target group. Gender-neutral language in job advertisements is also intended to help attract and recruit more women. Offering more part-time positions in the future is another important element for Vitesco Technologies in making the company attractive to female employees and retaining them in the long term. To raise awareness of the issue of promoting women, in 2021 internal talent management conferences also explicitly discussed female talent and career development measures targeted at them. In addition, the share of women – along with other diversity dimensions such as age and nationality – is an integral part of succession planning across all functions and at all levels. Advances made in this respect are continuously monitored and managed across all development programs. In addition, a women’s network called the “Female Talent Community” has become further established within the company: Among other things, the initiative offers female employees access to specific and exclusive learning opportunities, and opportunities for targeted networking. It also regularly organizes other activities such as lectures and (expert) presentations.

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The progress made on increasing the share of women in management positions is regularly reviewed and reported to the Executive Board on a quarterly basis. This report includes the current figures, a forecast of further development, and measures that have been defined to achieve the related targets. The share of women in management positions is also integrated as a key performance indicator in the variable long-term incentive (LTI) component of executive pay.

As an international company, Vitesco Technologies employs people of different nationalities. For this reason, beyond the share of women, the company would like to focus even more on the nationality dimension of diversity. An Employee Resource Group (ERG) is to be established to this end.

Employee Resource Groups

Vitesco Technologies supports ERGs. These are groups organized and led by employees that promote an inclusive work atmosphere in the company, focusing on different dimensions of diversity.

As part of its DE&I strategy, Vitesco Technologies plans to establish a new global ERG, the “Alliance of Generations for Employee Success” (AGES), by 2023. In addition, two further ERGs are to be established: One group will focus on the needs of people with (physical) disabilities, the other on

working parents. Vitesco Technologies also continues to support the “PRIDE” ERG, the group for the LGBTQ+ community. In addition, the existing ERG “Women of Vitesco” is to be expanded globally, and a global steering committee is to be established for this group.

Tutorials & Trainings

Vitesco Technologies organizes tutorials and trainings to build employee awareness on the topics of diversity, equal opportunities, and inclusion to anchor the topic in the corporate culture. For example, mandatory DE&I training is to be introduced for employees, and DE&I components are to be specifically integrated into existing and new leadership programs in 2022. Among other things, the content is designed to teach inclusive leadership skills and address issues such as “unconscious bias and thought patterns”. Vitesco Technologies plans to make this DE&I content available to all employees in the HR department as well. The objective is to familiarize employees there with the same leadership tools and train them to have DE&I-related conversations and be able to address relevant employee concerns. It is planned to establish DE&I content, as well as specific programs on this topic, as a fixed component of the training offered.

Beyond this, Vitesco Technologies wants to take greater account of the issue of diversity in the recruitment process:



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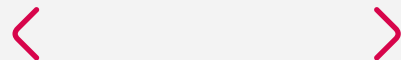
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In the future, at least one woman and one person from another diversity dimension will be invited to the interview for each new position to be filled.

Total number of nationalities (as of 31 Dec)	2021
Number of nationalities ¹	93

North America

In 2021, Vitesco Technologies established four new ERGs in North America: “Women of Vitesco Technologies,” “REACH” (Resources for Employees of African Culture and Heritage), “LEAD” (LatinX Employees Advocating for Diversity), and “ASIA” (Asian Society for Innovation and Achievement). Basic DE&I training was also rolled out to all employees in October 2021 via Vitesco Technologies’ internal Learning Management System (LMS). In addition, an external consultancy trained more than 120 managers, senior executives, and HR staff in the region on the topic of unconscious bias.

Equal Pay

Vitesco Technologies is committed to providing its employees with a workplace that treats them with respect and is free from harassment and discrimination. This also includes a fair and transparent salary system and appro

priate remuneration. After all, these framework conditions contribute significantly to job satisfaction.

In accordance with Vitesco Technologies’ Corporate Human Rights Policy, employee compensation must comply with all applicable wage laws – including those on minimum wages, overtime, and legally mandated benefits in the respective country. Vitesco Technologies applies compensation structures that are in accordance with the respective national laws, relevant agreements with the trade unions or employee representatives, or are market-oriented. As a result, pay rates are generally higher than applicable minimum wages.

Each position at Vitesco Technologies is evaluated according to factual criteria such as tasks, expertise, scope of action as well as management, sales, and earnings responsibility, and is therefore basically independent of the job holder. Personal aspects such as skin color, age, gender, sexual orientation, gender identity, and gender expression play no role in a job’s evaluation, classification and compensation.

Vitesco Technologies offers its employees compensation in line with performance and the market. In the case of collectively agreed wages, this is based on the evaluation of the position; in non-collectively agreed cases, it is also based on the employee’s performance. Accordingly, in non-tariff remuneration, a distinction is made between a basic salary and a performance-related component.

¹ Excluding apprentices and working students.

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Vitesco Technologies is actively shaping technological change in the automotive industry: In order to prepare its employees worldwide for the transformation to e-mobility, the company launched a qualification offensive in 2019. The focus is on electrification and software. In the reporting year, Vitesco Technologies further expanded its qualification offerings. Among other things, employees can continue their education at universities while working, take advantage of internal training by experts, or complete short digital learning units.

In 2021, the company placed a focus on further expanding its e-learning offering to enable individual learning that is independent of time and place. Vitesco Technologies pursues the concept of lifelong learning. The basis for this is anchored in our in-house Capability Model with “I keep learning” and firmly integrated into everyday working life.

Our Electrification Program I was in particularly high demand in the reporting year: 105 employees successfully took part in it in 2021. In more than 90 teaching units, employees acquire new knowledge. In the course of 2021, Electrification Program II was established globally as a more in-depth program with over 30 training units. 81 employees successfully completed this program. In addition, since spring 2021 a new e-learning program has been providing ten hours of basic knowledge on the subject of electrification; around 400 employees successfully completed this in the reporting year. The program is supplemented by specific training courses in the area of e-mobility, which took place virtually or digitally due to the pandemic. In addition, central departments such as Development, Compliance, Sales,

Purchasing, Quality, Lean Management, Supply Chain Management and Product Management offer function-specific learning content.

To train its employees also in the area of sustainability, Vitesco Technologies launched the e-learning program “Sustainability Awareness”. The approximately 30-minute voluntary training is available to all employees and covers various aspects of sustainability with a particular focus on life cycle assessments. In the reporting year, 2866 employees completed the e-learning.

In addition, Vitesco Technologies successfully introduced the so-called Career Map at 14 locations worldwide in spring 2021. The Career Map provides an overview of possible career paths in production and logistics. It also shows which qualifications are necessary and which specific requirements are needed to reach the next higher position. At the same time, it contains information and schedules for training and education that enable employees to meet the relevant requirements.

Performance indicators Education and Development	2021
Share of employees receiving regular performance and career development reviews ¹ in %	94.8
Total development and training costs ² in € millions	6.7

¹ Review either supported by a digital performance and career development tool or via a paper interview form.

² Definition: Annual costs spent on development and training measures.

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Vitesco Technologies has a trusting and cooperative working relationship with all employee representatives such as trade unions and works councils. Statutory, collective bargaining, and company regulations are implemented in collaboration with employee representatives. In Germany, collective agreements exist for the majority of employees. Besides that, the company reached its first collective agreement with South Korea's National Metal Workers' Trade Union in the reporting year.

Employee co-determination is a priority at Vitesco Technologies: Almost all employees at the plants and sites in Germany are represented by works councils. There are currently local works councils at all ten Vitesco Technologies plants and a total of three central works councils. Beyond this, a European Works Council was set up in the reporting year to represent the interests of employees at the various European locations. The works council is involved in almost all decisions at Vitesco Technologies, as elected employee representatives or through representatives on the supervisory board.

In accordance with the defined co-determination and other participation rights, employee representatives are informed in good time, opinions are obtained, and agreements are reached with them. Their representatives are involved in numerous committees such as the IT or Logistics Committee. Operational changes are discussed jointly at an early stage.

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With the increasing globalization of value chains, the importance of human rights due diligence in business is growing. At the same time, regulatory instruments are increasingly anchored in law to remedy and prevent human rights violations in supply chains worldwide. As a globally active company, Vitesco Technologies assumes a special responsibility to society in this regard - as outlined in the management statements for “Fair Work and Diversity” and “Responsible Sourcing and Partnerships”.

To fulfill its human rights due diligence obligations, Vitesco Technologies started developing an “umbrella” management system in the reporting year. It involves taking a look at its own operational activities as well as direct and indirect business relationships – in particular with suppliers and sub-suppliers. This umbrella management system builds on existing management systems and links them together. They include the:

- > Human Relations Management System
- > Occupational Safety and Health Management System
- > Environmental and Energy Management System
- > Compliance Management System
- > Management System for Responsible Sourcing including Conflict Materials

Based on these management systems, the company identifies and minimizes potential human rights risks in its operations and works to continuously improve the global human rights situation along its supply chains. Vitesco Technologies uses the management systems to ensure that statutory requirements, guidelines as well as internal rules, regulations, and stakeholder require-

ments for human rights and responsible business practices are complied with worldwide. The Competence Center for Sustainability, Security, Safety & Health coordinates the continuous development of the umbrella management system. The Human Rights Policy forms a central component of the umbrella management system. The policy describes the standards for health and safety as well as occupational safety and environmental protection. This includes, among other things, a ban on child labor and forced labor as well as the right to freely chosen employment.

As a member of the Responsible Business Alliance (RBA), Vitesco Technologies is also committed to the responsible business standards set out in the RBA Code of Conduct, which is adapted to internationally recognized frameworks such as the Universal Declaration of Human Rights and ILO standards. The company’s umbrella management system serves to ensure compliance with this as well. The RBA Code of Conduct is also mandatory for all suppliers of Vitesco Technologies.

For more information on human rights due diligence at Vitesco Technologies, please see the chapter Responsible Sourcing and Partnerships.

RESPONSIBLE SOURCING AND PARTNERSHIPS



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RESPONSIBLE SOURCING AND PARTNERSHIPS

MANAGEMENT APPROACH

Source: Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 84.

Note: The text has been adjusted for page references.

Objective

Vitesco Technologies aspires to socially and environmentally responsible action along its entire value chain. Ethical business practices, sustainability, and human rights due diligence are therefore guiding principles for the company's business relationships as well. Particular attention is paid to responsible purchasing processes. Transparency, risk analyses, and appropriate control mechanisms in the collaboration with direct and selected indirect suppliers are central to this.

For its further development in the field of Responsible Sourcing and Partnerships, Vitesco Technologies is pursuing the following goals:

- > Increase and maintain the percentage of strategic suppliers covered by the Code of Conduct for Business Partners to 100% by 2023.
- > Expand the management system for human rights due diligence in the supply chain in accordance with internal and external standards as well as legal requirements by 2023.
- > Introduce an audit system for high-risk suppliers by 2023.

Concept

Responsible action in the value chain begins with specific requirements that Vitesco Technologies already includes as binding clauses in its contracts with its direct suppliers. The Business Partner Code of Conduct sets out the basic requirements for suppliers, including their upstream supply chain, with regard to working conditions, human rights, environmental protection, and anti-corruption, among other things.

In the future, potential new suppliers are to be screened for sustainability issues in accordance with company specifications before entering into a business relationship.

In general, violations of the standards established by Vitesco Technologies can be reported at any time via the globally accessible Integrity Line. Reports are followed up and resolved. On-site inspections are conducted if there are concrete grounds for suspicion. Where infringements are identified, Vitesco Technologies demands improvement measures and reserves the right to terminate the business relationship.

Since June 2021, Vitesco Technologies has also been a member of the Responsible Business Alliance (RBA), a nonprofit industry initiative dedicated to improving social, environmental, and ethical conditions in global supply chains. Through this membership, the RBA Code of Conduct has also been ratified as binding for Vitesco Technologies and its business partners. The standards are reflected accordingly in Vitesco Technologies' Codes of Conduct for employees and business partners and in the company's Human Rights Policy. At the same time, for Vitesco

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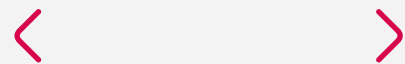
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Technologies RBA membership means expanding and adapting its existing risk and control management for suppliers, and establishing comprehensive training measures. A particular focus here is on the topic of human rights due diligence.

Organizational responsibility for Responsible Sourcing and Partnerships lies with Vitesco Technologies' Purchasing function, which is structured in accordance with lines of business and product groups, with teams in the various countries. On matters related to ethical issues and standards, it collaborates closely with the Compliance and Sustainability, Security, Safety & Health departments as well as with the HR&S and Quality & Environmental Protection functions. The Head of the Group Purchasing reports directly to the Chairman of the Executive Board.

With regard to production materials, Vitesco Technologies procures a wide range of intermediate products and feedstocks/ raw materials from a global supplier base. The company mainly uses steel, aluminum, precious metals, copper, and plastics. In the supply chain for "conflict minerals," as defined under the U.S. Dodd-Frank Act, and for cobalt, the company uses the Conflict Minerals Reporting Template (CMRT) and the Extended Minerals Reporting Template (EMRT) provided by the Responsible Minerals Initiative (RMI) to create transparency and monitor human rights standards. The queries provide information on the country of origin of minerals, smelters and refiners used, and their certification status against recognized social and environmental criteria. Vitesco Technologies conducts the queries with its suppliers once a year.

Results

The share of strategic suppliers that are covered by Vitesco Technologies' Code of Conduct for Business Partners – the KPI for the "Responsible Purchasing and Partnerships" area – was 90% in fiscal 2021. This indicator was newly introduced in fiscal 2021 and indicates the share of strategic suppliers who contractually commit to complying with the Vitesco Technologies Code of Conduct for Business Partners. Suppliers can make this contractual commitment by signing the Code of Conduct as part of the supplier contract, or by providing evidence of a valid equivalent on the supplier side. Strategic suppliers account for a 75% of the total volume of production material purchased.

With Vitesco Technologies' accession to the Responsible Business Alliance (RBA) in fiscal 2021, the mandatory self-disclosures for strategic suppliers, previously submitted via the industry platform NQC, were replaced by corresponding RBA self-disclosures, risk assessments, and audits. Due to this change, the reporting of a key indicator for the existing, valid supplier self-disclosures – the second KPI for Responsible Sourcing and Partnerships – will not be reported until fiscal 2022.

KPI	2021
Responsible Sourcing and Partnerships	
Share of strategic suppliers covered by Business Partner Code of Conduct ¹ (as of Dec. 31) in % ²	90.0

¹ Basis: Strategic Supplier List (SSL); suppliers must meet various requirements to be listed as a strategic supplier.

² This indicator was newly introduced in fiscal 2021.

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IN FOCUS

FOCUS TOPIC: CONFLICT MINERALS

Tin, tantalum, tungsten and gold (abbreviated to 3TG after their English initials) are regarded as “conflict minerals” because there is an increased risk of negative environmental impacts, violations of human rights and international law, and occupational safety during their extraction, trade, and processing.

Vitesco Technologies is aware of its special responsibility for human rights due diligence in its procurement processes.

This is because the preliminary products that the company procures also contain 3TG. For this reason, Vitesco Technologies surveys its suppliers annually on whether the products they supply contain 3TG and where the minerals come from. In addition, there is a focus on the smelters and refineries used in the supply chain and their certification status with regard to recognized social and environmental criteria. This is checked using the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI).

In fiscal 2021, a total of 105 smelters and refiners in the conflict minerals supply chain were reported as non-compliant. The figure is an important performance indicator for Vitesco Technologies in the area of “Responsible Sourcing and Partnerships.” The company’s goal is to work with its suppliers to minimize the number of non-compliant smelters

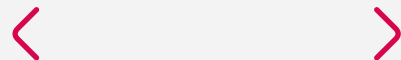
and refineries, and thereby prevent human rights violations deeper in the supply chain.

To achieve this, Vitesco Technologies conducts awareness-raising activities and training for suppliers with many smelters and refineries that have been reported non-conformant, and offers related support services. In addition, the RMI provides other resources to its members, such as information on conformant and non-conformant smelters. In the future, these resources can be used to clarify ambiguities regarding suppliers, so that Vitesco Technologies’ membership in the RMI can make a significant contribution to minimizing the number of non-conformant smelters and refiners in the supply chain.

In the year under review, Vitesco Technologies conducted two training sessions and also supported nine suppliers in videoconferences.

Conflict Minerals Performance Indicator	2021
Number of non-conformant reported smelters and Refineries ¹ in conflict minerals supply chain (as of Dec. 31)	105

¹ Basis: Smelters and refineries reported by suppliers via the Conflict Minerals Reporting Template (CMRT) in the upstream chain of all products supplied to Vitesco Technologies in fiscal 2021; including RMAP non-conformant smelters and smelters with unclear status or missing information. Compliance status as of Dec. 31.



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Before Vitesco Technologies enters into business relationships with potential new suppliers, the company intends to conduct on-site inspections (audits) in the future. In accordance with the company's specifications, this will include checking sustainability standards – e.g. environmental protection and occupational safety.

Vitesco Technologies also subjects existing suppliers to a Basic Annual Supplier Evaluation (BASE). Suppliers are evaluated based on various key performance indicators (KPIs) including prices, quality indicators, delivery performance, and sustainability criteria. For example, the results of surveys on conflict minerals are also included in the BASE. If there are suspicious circumstances or specific incidents, the company has sustainability audits carried out on site, and initiates appropriate improvement measures as needed. In the reporting year, an occasion-related audit was carried out at a Vietnamese supplier.

As of 2022, Vitesco Technologies requires its suppliers to complete the Responsible Business Alliance (RBA) self-disclosure. The company also intends to carry out more sustainability audits of suppliers who, according to the RBA self-disclosure, pose a high risk.



OCCUPATIONAL HEALTH AND SAFETY



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Disclosures****OCCUPATIONAL HEALTH AND SAFETY
MANAGEMENT APPROACH****Source:** Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 85.**Note:** The text has been adjusted for page references.**Objective**

Occupational Health and Safety are essential components of the Vitesco Technologies corporate culture. With this comes the aspiration to prevent harm to people, or damage to assets and the environment, as well as to actively promote the health of everyone in the company. Two specific goals have been defined to this end:

- > Increase and maintain the percentage of employees covered by management system certifications for health and occupational safety to above 90% by 2030.
- > Reduce the accident rate, defined as the number of accidents per million hours worked, to 1.4 by 2025.

The accident rate is also integrated as a key performance indicator in the LTI for managers and in the targets for sites, so Vitesco Technologies sets strategic incentives to achieve its reduction target.

Concept

The implementation of occupational health and safety is ensured worldwide by a global management system (ISO 45001 or comparable). This is managed by the certified Sustainability,

Security, Safety & Health (SSH) department under the responsibility of the Chief Human Resources Officer and validated by matrix certification and local individual certifications. In this way, Vitesco Technologies strives to improve protection against accidents and work-related illnesses and contributes to reducing hazards and minimizing risks through preventive measures. These measures include, in particular, risk assessments, external controls (audits), remedial actions, and training. The management system also includes procedures and preventive measures for handling hazardous substances.

The company's ESH policy, whose technical and organizational requirements in the field of occupational health and safety are set out in the Safety and Health (SH) manual, forms the group-wide guideline in this area. In addition to an ESH Hotline for reporting incidents, a globally established emergency and crisis management system provides support for employees and those affected in the event of an incident.

Strategic responsibility for occupational safety and health, like the responsibility for the global management system, lies with the Sustainability, Security, Safety & Health department. ESH functions in the countries complement the central structure. Local ESH managers under the responsibility of the location managements, as well as occupational safety and health committees, coordinate and supervise occupational health and safety and health protection on site.

Through its company Health Management, the company also promotes a physically, mentally, and socially healthy working environment. Strategic decisions and the planning of instruments and measures at Group, country and business unit level are prepared and coordinated centrally by the Sustainability,

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Security, Safety & Health corporate function. Implementation and monitoring tasks are the responsibility of local health managers and committees. A regular assessment of the risk situation in the field of mental health is also integrated into the occupational health and safety management system. In addition, in accordance with local legal requirements for occupational health and safety, company medical services are available at many sites and may also be represented on the local occupational health and safety committees.

Results

A key performance indicator for occupational health and safety is the employee coverage rate with regard to certifications for occupational health and safety management systems (ISO 45001). In fiscal 2021, 91.2% of employees were covered by such certifications.

The second key performance indicator, the accident rate in the company, was 1.9 accidents per million hours worked in 2021.

KPIs	2021
Occupational Health and Safety	
Certifications for occupational health and safety management systems (ISO 45001) Employee coverage (as of Dec. 31) in %	91.2
Accident rate (number of accidents per million hours worked ^{1,2})	1.9

During fiscal 2021, the focus in Health Management was on establishing the described health organization and communicating it internally, and on creating a strategic roadmap, which included the publication of a global mental health support guideline as well as the aforementioned integration of mental health risk assessments as a focus topic of audits in the global management system.

In the course of the spin-off from Continental AG, Vitesco Technologies also established its own crisis organization in 2021 to further manage the COVID-19 pandemic. Preparedness plans for infectious disease outbreaks thus continued to contribute to safe production under pandemic conditions. Furthermore, regional crisis teams were established at the country level. In terms of prevention, Vitesco Technologies provided free masks and self-tests for employees, as well as voluntary vaccinations by company physicians.

¹ Definition: Number of accidents during working hours per million paid working hours. Counted from more than one day lost, i.e. with at least one day lost beyond the day of the accident.

² Excluding temporary workers, apprentices and trainees, excluding commuting accidents.

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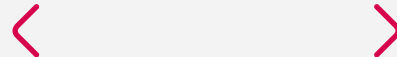
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IN FOCUS

FOCUS TOPIC: OCCUPATIONAL SAFETY

Occupational safety is a central component of the Vitesco Technologies company culture. To protect employees from hazards in the workplace, the Group’s “Risk Assessment Safety and Health” policy defines procedures for identifying and assessing potential hazards. Individual hazards are classified into different hazard factors depending on their nature – e.g. physical stress and psychological factors in the workplace, or the handling of hazardous substances. For each individual hazard factor, measures are defined on how to prevent the hazards and what to do should they occur.

In the event of accidents, the Group policy on “Accident and Incident Investigation” regulates responsibilities. It also specifies the necessary measures and corresponding time-frames for their implementation.

All employees receive regular training on occupational safety. Instruction on hazards and protective measures in the workplace is mandatory and must be repeated every twelve months. There is further mandatory training content for managers, including crisis and emergency management, and incident investigation.

In the reporting year, Vitesco Technologies also introduced an ESH software solution in North America and Romania; the company had already been using it at German sites since 2020. The platform makes it possible to provide or carry out necessary documentation for occupational safety and health

management: Local ESH managers and employees can quickly and easily access all relevant regulations, e.g., and document incidents directly online. For instance, they can keep follow up on risk assessments and safety inspections, view their results, keep a hazardous substances register, and document environmental influences with particularly hazardous substances to which employees are exposed. Also, the documentation can be easily evaluated. Employees are always able to actively participate in the development and implementation of the occupational safety and health management system through the local ESH committees.

Vitesco Technologies’ goal is to digitize its ESH management system worldwide by no later than 2025. Going forward, the company also intends to collect relevant data occupational safety, including employee self-assessments, using the newly created employee survey questionnaire.

Occupational Safety Performance Indicators 2021

Number of Fatalities ¹	0
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¹ Definition: Number of fatalities due to occupational accidents.

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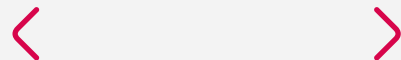
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IN FOCUS

FOCUS TOPIC: HEALTH

Vitesco Technologies’ occupational health management pursues the goal of maintaining and promoting the health of its employees. To achieve this, the company develops appropriate framework conditions, structures, and processes. In the process, Vitesco Technologies focuses primarily on measures for health-promoting organizational structures and working conditions, as well as measures for health-promoting behavior on the part of employees.

Vitesco Technologies aims to achieve the following goals:

- > Systematically prevent work-related health risks
- > Promote the physical, mental, and social well-being and performance of all employees
- > Create safe, health-promoting, and motivating working conditions
- > Promote health-conscious behavior and health literacy among all employees, taking into account individual particularities
- > Enable long-term employability and healthy aging for all employees
- > Promote a healthy work-life balance
- > Support mutually respectful and appreciative collaboration
- > Promote the establishment and maintenance of social networks and social support within the company

¹ Definition: Absence due to illness in relation to the contractually agreed working time.

In the year under review, Vitesco Technologies placed a priority on providing and maintaining effective health management measures at the global level. To this end, the company established the necessary structures and defined the corresponding requirements. Concrete measures were also specified, and resources bindingly allocated. Against the backdrop of the spin-off from Continental AG, another focus in 2021 was on ensuring that Vitesco Technologies can continue to use central tools and programs for its occupational health management.

Vitesco Technologies also developed a new ergonomics setup for the production areas, including structural and process organization. As part of the COVID-19 countermeasures, the Health Management team produced and distributed information materials such as posters and flyers to raise awareness about vaccination against the virus.

Health Protection Performance Indicator	2021
Sickness Rate ¹ in %	3.5

QUALITY AND PRODUCT INTEGRITY



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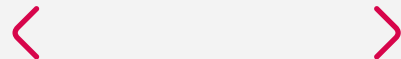
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QUALITY AND PRODUCT INTEGRITY MANAGEMENT APPROACH

Source: Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 87.
Note: The text has been adjusted for page references.

Objective

Quality and product integrity are essentials of Vitesco Technologies' corporate responsibility. One priority in this area is to offer robust and safe products and services worldwide, avoiding defects and also promoting waste reduction in line with the sustainability concept. The aim is to prevent risks such as product recalls, product liability, and legal proceedings resulting from quality defects, and in particular to continuously improve customer satisfaction as an active contribution to the company's business success.

As part of its Sustainability Agenda, Vitesco Technologies is pursuing the following key objective in the area of quality and product integrity:

- > Maintain the percentage of employees covered by quality management system certifications at a minimum of 94%

Concept

Achieving this goal requires having steadily improving, lean, and agile processes, which at Vitesco Technologies are set up, implemented, and monitored by an externally validated quality management system. Vitesco Technologies' quality policy forms

the central guideline for this.

Local management systems on site support the implementation of the Group's quality and product integrity objectives. The specific organizational and technical requirements for local management systems are set out in the respective quality management manuals.

Responsibility for strategic, Group-wide quality management lies with the global Quality Leadership Team (QLT), chaired by the Head of Group Function Quality and Environment, as well as with quality functions at various levels in the Group, which work together in a worldwide network.

Results

The KPI for implementing our Quality and Product Integrity concept is the Group-wide coverage of employees by certified local quality management systems. As of December 31, 2021, certified quality management systems were in place for 99%, i.e. almost all employees throughout the Group.

KPI	2021
Quality and Product Integrity	
Certifications for quality management systems (ISO 9001 or comparable) Degree of employee coverage (as of Dec. 31) in %	99

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Vitesco Technologies maintains high quality standards for its products and services. Our quality policy with the tagline “Passionate for Quality” sets the direction for quality management in the company – it applies to all our operational and strategic activities.

The Quality Policy also forms the basis of Vitesco Technologies’ quality strategy, which essentially focuses on continually improving customer satisfaction by:

- > Optimizing processes
- > Designing robust products
- > Establishing an efficient quality organization
- > Improving employee satisfaction

Employees play an important role in this: They are responsible for complying with the quality policy and putting the quality strategy into action. Vitesco Technologies is constantly developing its quality strategy with a view to internal and external conditions, including market-specific and legal requirements as well as customer demands.

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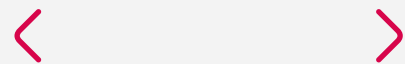
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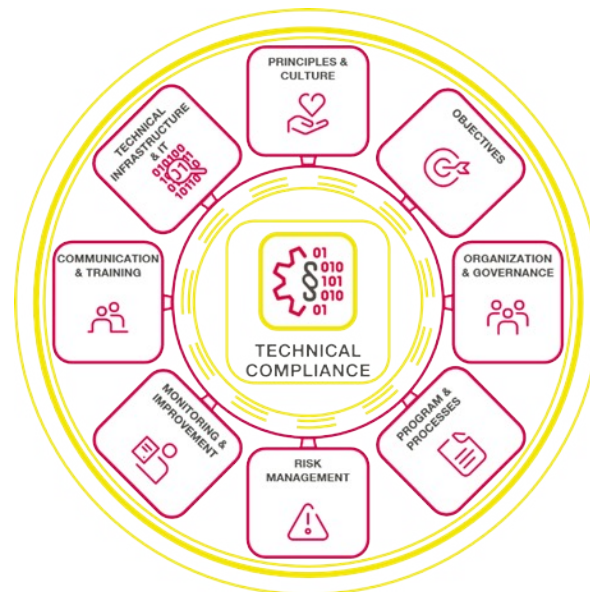
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TECHNICAL COMPLIANCE

Source: Annual Report 2021 > Our Shareholders > Corporate Governance > Technical Compliance > p. 135.

To ensure compliance with regulatory requirements for technology, with legislation, and with national, international, and industry standards, we at Vitesco Technologies have put a special focus on technical compliance and set up a technical-compliance management system (TCMS) that is closely coordinated with the compliance management system (CMS). The TCMS, like the CMS, is based on the seven basic elements provided in IDW PS 980 and ISO 37301. However, the TCMS also adds another dimension – technical infrastructure and IT – to complement the existing ones effectively and efficiently and to integrate them into the development cycle.



The TCMS incorporates products, product-related services, compliance with all legal and regulatory requirements, and adherence to globally relevant standards throughout the product life cycle, from a product’s development to the end of its life cycle. Our employees are given certainty with clear definitions of the responsibilities of business areas and individual employees, corresponding professional development and training, clear orientation from the “I use my voice” conduct motto, and the firm integration of factors related to technical compliance into our programs, processes, and tools. Vitesco Technologies has established a clearing house to resolve issues with interpretation. If needed, an internal Integrity Line can also be used anonymously. The TCMS is extensively integrated with the Company thanks to its systematic organizational structure. The department’s independence and significance is ensured through a dedicated reporting line between the Head of Technical Compliance and Chief Executive Officer. The effectiveness and efficiency of the TCMS is continuously monitored, audited by an independent entity, and developed.



INNOVATION

vitesa
TECHNOLOGY



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Anti-Corruption**Corporate Citizenship****EU Taxonomy Regulation
Disclosures****INNOVATION****Source:** Annual Report 2021 > Management Report > Corporate Profile > Research and Development > starting p. 71.**THE DRIVETRAIN'S FUTURE IS ELECTRIC**

Most of the vehicles produced around the world will feature a fully or partially electric drivetrain by 2030. The large number of new, electrified vehicles and newly created vehicle manufacturers and segments are major opportunities for Vitesco Technologies. Meeting the variety of customer requirements demands scalability and extreme efficiency in both production as well as development. Vitesco Technologies has a goal of using research and development to achieve constant improvements of functionality, performance, and efficiency. Moreover, Vitesco Technologies strives to reduce the weight and costs of individual components so it can position itself among competitors as an attractive supplier.

Integrated final drive

The development of the latest generation of integrated final drive is a good example of this. It is already the fourth generation of Electronics Motor Reducers (EMR) from Vitesco Technologies, delivering up to 5% more final-drive efficiency compared to the third generation, significantly greater scalability with power between 80 kW and 230 kW, and considerable cost advantages. The technology for all variations of the EMR 4 platform can be manufactured on the same production line thanks to the high level of standardization. The production site in Tianjin, China is

supplying local and international carmakers with the new EMR 4 drive following its debut to the public in 2021.

High-voltage power converters

In power electronics, Vitesco Technologies sees an innovative trend toward more sustainability and efficiency in silicon-carbide (SiC) and gallium-nitride (GaN) semiconductors. Vitesco Technologies has signed off on a strategic partnership with ROHM, a Japan-based company, for the development of SiC technology. SiC transistors are more efficient and smaller than silicon transistors and are also more economical when viewed as part of a system. Applications in high-voltage power converters for 400-volt and 800-volt usage are particularly advantageous automotive applications at the moment. SiC technology can help to increase the range of a vehicle and therefore significantly raise the overall energy efficiency of an electric vehicle.

Vitesco Technologies has also signed off on a strategic partnership with GaN Systems Inc., a company based in Canada in which Vitesco has a 1.7% interest. Similarly to SiC transistors, GaN transistors offer great potential for vehicle applications. They are also more efficient and smaller than silicon transistors and are more economical when viewed as part of a system. The areas for their application are charging and transforming electrical energy in electrified vehicles. GaN Systems Inc. and Vitesco Technologies are aiming to make this new technology accessible for appealing automotive applications through their joint development work.

Vitesco Technologies is also increasingly focusing on electrification outside the Electrification Technology business unit, which is

¹ Powertrain Market Outlook 2030: study extract, February 2021, Roland Berger.

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where the above products are being developed. For instance, Electronic Controls is using its expertise in motor-control systems to develop high-voltage electronics boxes while Sensing & Actuation will continue developing its existing product portfolio to move it more toward thermal management and other relevant sensor and actuator applications in an electrified environment.

High-voltage electronics boxes

High-voltage boxes integrate the functions of an onboard charger (OBC) and a DC/DC converter in a single unit to enable rapid charging for battery-electric and plug-in hybrid vehicles from all types of charging sources. Vitesco Technologies has developed a modular concept for high-voltage boxes and it can be used for different voltage and power classes. Current planning also sees future generations using the SiC and GaN technologies and enabling efficient bidirectional charging.

Thermal Management

The thermal-management solutions from Vitesco Technologies aim to run electric drive systems, high-voltage electronics, and batteries in an optimal temperature range with maximum energy efficiency. Their intelligent control over thermal flows boosts the electric range of a vehicle. What's more, the charging time – especially when rapid-charging – can be shortened thanks to the optimal temperature control over the high-voltage battery.

The Vitesco Technologies product portfolio includes electric pumps, mixing valves, switching valves, and sensors that are all efficient and modular. To reduce the complexity of the systems in electric vehicles, Vitesco Technologies also develops highly inte-

grated solutions consisting of pumps, valves, and sensors. The Vitesco Technologies product portfolio is also well positioned for cooling electric motors with particularly high power density using oil, instead of a conventional water and glycol mix.

In addition to developing new products for innovative problem-solving approaches, Vitesco Technologies endeavors to optimize both its production as well as its research and development constantly. For example, it develops futuristic manufacturing technologies such as laser-welding processes with novel wavelength technology. It optimizes drive control with innovative casing solutions and utilizes the expertise that it has to develop central control devices and zone-control devices. To improve the emissions performance of combustion engines and hybrid vehicles, Vitesco Technologies focuses on things such as developing electrically heated catalysts and extending NOx-sensor usage to gasoline engines. Enhancing software solutions is also an example of how Vitesco Technologies can add value for its customers.



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The research and development costs (net) associated with these developments were spread out as follows in the 2021 fiscal year:

Research and Development Costs (Net)	2021		2020	
	€ million	% of sales	€ million	% of sales
Electrification Technology	239.3	40.8	189.1	46.6
Electronic Controls	260.4	7.4	290.7	8.0
Sensing & Actuation	193.3	6.0	187.4	6.4
Contract Manufacturing	-0.3	-0.0	13.8	1.3
Vitesco Technologies Group	692.7	8.3	681.0	8.5
Capitalization of research and development costs	28.5		35.4	
As % of research and development costs	4.3%		5.5%	
Amortization of capitalized research and development costs	33.7		32.4	





BUSINESS ETHICS AND ANTI-CORRUPTION



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MANAGEMENT APPROACH**

Source: Annual Report 2021 > Our Shareholders > Corporate Governance > Legal Compliance > starting p. 34.

Vitesco Technologies is shaped by its corporate values of “passionate,” “partnering,” and “pioneering,” which demand honest and responsible actions toward our stakeholders such as customers and the Company. Its management’s and employees’ compliance with all the requirements that apply to Vitesco Technologies Group AG and its subsidiaries and its internal regulations is therefore an unshakable principle of the Company’s conduct and an integral part of its corporate culture. This is not only expressed in the binding code of conduct, but also in the actions of management and all employees. The Executive Board is explicitly committed to the principles and zero-tolerance approach laid out in the code of conduct.

In particular, the Legal Compliance team is responsible for corruption prevention, money-laundering prevention, antitrust law, and the management of conflicts of interest. Other departments and/or roles work together closely on other compliance issues such as technical compliance, capital-market compliance, environmental protection, data protection, health and safety, IT security, cybersecurity, supply-chain obligations, and trade sanctions.

The structure of Vitesco Technologies’ legal-compliance management system (legal CMS) is based on Germany’s IDW PS 980 CMS audit standard and is described in detail in a dedicated

Group-wide guideline. It is divided into these seven basic elements: culture, objectives, risks, program, organization, communication, and monitoring/improvement.

In terms of the compliance culture, which is the most important element, Vitesco Technologies makes sure that all employees practice it and give it their consistent support. This outcome is achieved with a clearly formulated “tone from the top,” a “tone from the middle,” and zero-tolerance policies as well as by creating a trust-based culture that allows any employee to speak openly about compliance-related issues. For instance, tips about potential deficiencies in any governance- or compliance-related issue not only can be reported to those in governance roles, but can also be registered through an anonymous Integrity Line which is accessible internally and externally; there is a transparent guideline that governs the responsibilities and processes for responding to such tips in compliance with data-protection law.

The objective of the legal CMS is to boost the compliance culture consistently and on an ongoing basis, to identify compliance risks, and to avoid or mitigate compliance risks with appropriate measures. The Legal Compliance team develops and publishes guidelines and relevant compliance standards in accordance with this objective to foster rule-abiding conduct. This work includes anticorruption, antitrust, and anti-money-laundering guidelines and a code of conduct for business partners. Providing tools makes it easier for employees to abide by compliance-related processes and substantive requirements. The Vitesco Technologies legal CMS involves an organizational structure for compliance roles that is adapted to the company and combines centralized elements (a Corporate Compliance Office) with decentralized ones (regional compliance officers and compliance champions).

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The main responsibility for the legal CMS is held by the Chief Financial Officer as part of his/her responsibility for the Legal, Compliance, and IP organizational unit. The Head of Compliance is in charge of managing the operations of the legal CMS and receives support for this from compliance officers, compliance experts, and compliance champions. The compliance champions are employees from other departments who are available locally as a first point of contact for compliance issues and are closely involved with the work done by the Compliance department. The Head of Compliance is overseen by the Chief Compliance Officer, who reports directly to the Chief Financial Officer and the Supervisory Board's Audit Committee and determines the strategy of the Company's Compliance areas. Additional clearly defined channels for reporting and communication ensure the necessary transparency of roles and responsibilities. Every employee can easily find all the information about all elements of the legal CMS on the global intranet and access it at any time. The compliance culture is made even stronger through regular training on compliance issues that are defined in a detailed learning program. Employees receive proactive support for legal and compliance-related matters from a central compliance help desk that can be contacted by e-mail and from the compliance officers. Legal Compliance also monitors adherence to compliance requirements regularly and on an event-specific basis. This monitoring focuses on the adequacy and effectiveness of the legal CMS. Additionally, the legal CMS is continuously enhanced in line with any vulnerabilities that are detected and in line with the risks that are identified through compliance-risk analyses.

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In the Code of Conduct, Vitesco Technologies defines the principles that govern the Group's actions – these are immutable and apply to all employees. The Code of Conduct covers, among other things, "Respect for Human Rights," "Sustainable Action," "Technical Compliance" as well as "Corporate Security," "Anti-Corruption" and "Antitrust Law." The zero-tolerance principle for violations of legal and internal requirements is also laid down here.

All the basic elements of the Vitesco Technologies Legal Compliance Management System (Legal CMS) are described in detail in a guideline that is comprehensible for every employee. A core element of the Legal CMS is to communicate of the legal framework that applies to the company and its employees: Vitesco Technologies provides employees at all hierarchical levels with comprehensive information on legally compliant actions and builds awareness of legally critical situations. To achieve this, the company has issued clearly structured guidelines on the core topics of "anti-corruption" and "antitrust law," among others, and made them globally accessible on the intranet pages of the compliance organization. Further important information for all employees on the basic elements of the Legal CMS can also be found here. Through ongoing exchange with employees, the compliance organization is also able to quickly identify and eliminate any uncertainties and risks that may exist.

The Compliance Officers, who are based locally around the world and supported by a network of Compliance Champions, provide compliance advice on all relevant issues. They are closely involved in many business-related projects.

In addition, the company uses a graduated training concept to regularly train its employees on topics including the Code of Conduct, anti-corruption and antitrust law. The training courses are conducted either as e-tutorials or – due to the pandemic – as virtual classroom training.

In the reporting year, about 85% of employees completed the compliance training courses. The goal is to increase the participation rate to at least 93%.

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Performance Indicators** 2021

Percentage of employees trained in business ethics

E-learning on Anti-Corruption	86
E-learning on Antitrust Law	84
E-learning on Spin-Off Compliance	88
Virtual Classroom on Spin-Off Compliance	80

DATA PROTECTION

Data protection is an increasingly important topic for Vitesco Technologies – also and especially in the context of globalization and digitalization. Overall responsibility for data protection in the company lies with the Management Board and the divisional heads. The group-wide handling of personal data is governed by the Binding Corporate Rules (BCR), which are binding for all

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employees. The BCR ensure a uniformly high standard of data protection at all Vitesco Technologies sites worldwide, adapted to regional laws. Their consistent application, as well as strict compliance with the Code of Conduct, is crucial for the trust of employees, customers and service providers.

The data protection organization is headed by the Group Privacy Officer, who is supported by a team of data privacy experts as well as the Legal and IT departments. The Group Privacy Officer is organizationally assigned to the Compliance function. Data Privacy Coordinators have been appointed for all Vitesco Technologies sites, who are available as contact persons for data privacy issues following in-depth basic training. They also act as an interface to the Group Data Privacy department. Beyond this, they support the further development of in-house data protection measures and advise the organizational units and specialist departments.

Advancing digitalization also keeps data protection on the agenda at Vitesco Technologies: For example, the company uses its experience in implementing the European General Data Protection Regulation (GDPR) to continuously optimize data protection-relevant assessments, processes and documentation.

Potential data privacy violations can be reported via a central reporting procedure. An internal reporting portal is available to employees for this purpose. The Integrity Line is available to persons outside Vitesco Technologies. An intervention team analyzes each reported incident and determines the necessary steps to contain any risk and restore data security. The team also devises possible preventive measures. Vitesco Technologies regularly raises awareness among its employees by providing

data protection training, which is continuously expanded and take place as online, hybrid, or face-to-face events.

TAX COMPLIANCE

Vitesco Technologies is aware of its social responsibility in connection with fulfilling its tax obligations (tax compliance). In the spirit of sustainable corporate governance, the company explicitly commits itself in the Code of Conduct to comply with national and international tax regulations.

With the tax strategy in place throughout the company, Vitesco Technologies ensures a legally compliant and tax-optimized implementation of conditions arising in Germany and abroad. Tax considerations follow business necessities. The company pays taxes where it creates value. Open and transparent communication promotes a professional relationship with the tax authorities. In this way, the company ensures that it fully complies with any obligations to cooperate.

A Group tax policy will be reviewed and issued by the Head of Tax and the Chief Financial Officer in the second quarter of 2022. This will ensure the Group-wide compliance, reliability, effectiveness, and efficiency of tax activities. The Group Tax Policy also defines responsibilities and tasks, as well as the involvement of the Group Tax department. To ensure that tax regulations are complied with, the policy also defines the framework for the organization of Group-wide tax risk management, which is an integral part of general risk management. In addition, the Group Tax Policy stipulates that effective sanction and escalation

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processes are to be defined. These are intended to ensure that violations of the Group Tax Policy and tax regulations are not tolerated.

Vitesco Technologies is currently introducing a Tax Compliance Management System (Tax CMS). It follows the requirements of the standard for the audit of compliance management systems IDW PS 980 and the practice note 1/2016 “Design and audit of a tax compliance management system in accordance with IDW PS 980.” The Tax CMS is intended to ensure that the companies’ tax declaration obligations and legal requirements are complied with. The introduction of the Tax CMS is to be completed in April 2022.

Vitesco Technologies annually reports tax data such as income tax payments and income taxes for all Group companies to the German Federal Central Tax Office (Bundeszentralamt für Steuern) as required by law (“Country-by-Country Reporting”). In principle, the tax data reported in the country-by-country reporting are based on consolidated financial statements audited by independent auditors.

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Disclosures****LITIGATION AND COMPENSATION CLAIMS**

Source: Annual Report 2021 > Consolidated Financial Statements > Notes to the Consolidated Financial Statements > Other Disclosures > p. 265.

Vitesco Technologies Group AG and its subsidiaries are involved in lawsuits, regulatory investigations, and proceedings worldwide. Such lawsuits, investigations, and proceedings could also be initiated or claims asserted in other ways in the future.

Product liability

In particular, Vitesco is constantly subject to product-liability and other claims in which the Company is accused of the alleged infringement of its duty of care, violations against warranty obligations, or defects of material or workmanship. Claims from alleged breaches of contract resulting from product recalls or government proceedings are also asserted. Among other cases, claimants in the US file lawsuits for property damage, personal injury, and death caused by alleged defects in our products. Claims for material and nonmaterial damages, and in some cases punitive damages, are asserted. No assurance can be given that Vitesco will not incur substantial expenses as a result of the final judgments or settlements in some of these cases, or that these amounts will not exceed any provisions set up for these claims. The Vitesco Technologies Group regularly analyzes current information, including its defense options and insurance coverage, to evaluate litigation risks to which the Group is exposed and recognizes provisions for liabilities that the Group deems likely.

Disputes over industrial-property rights

Vitesco Technologies might also be subject to the industry-standard risk of being liable to pay compensation for infringements or being forced to purchase licenses to continue using technology from third parties. This risk is seen as low as Vitesco Technologies avoids any potential collision of its products with the industrial-property rights of third parties and monitors this on an ongoing basis.

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Source: Annual Report 2021 > Consolidated Financial Statement > Notes to the Consolidated Financial Statements > Notes to the Consolidated Statement of Income > 7. Research and Development Costs (p. 214), Annual Report 2021 > Consolidated Financial Statement > Notes to the Consolidated Financial Statements > Notes to the Consolidated Statement of Income > 13. Grants in Connection with the COVID-19 Pandemic (p. 220) and Annual Report 2021 > Consolidated Financial Statement > Notes to the Consolidated Statement > Notes to the Consolidated Statement of Financial Positions > 15. Property, Plant, and Equipment (p. 222)

Note: These texts are a compilation from the Annual Report and have been shortened for this purpose.

Research and Development

The costs and revenue from research and development are shown in the two tables below. The research and development costs include government grants totaling €25.7 million (previous year: €19.1 million).

COVID-19 Pandemic

The government grants paid to the Vitesco Technologies Group because of the COVID-19 pandemic in the reporting period totaled €2.7 million (previous year: €15.3 million) and were recognized in income. They primarily include reimbursements of social-security contributions in an amount of €1.9 million (previous year: €11.3 million), the majority of which relate to short-time work income.

Property, Plant, and Equipment

Government investment grants of €11.8 million (previous year: €0.0 million) were deducted directly from cost.



CORPORATE CITIZENSHIP



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CORPORATE CITIZENSHIP

Vitesco Technologies sees itself as an active member of society and takes responsibility for the communities in its business environment. In the area of “Corporate Citizenship,” the company therefore seeks to make a positive contribution to the well-being of local communities as part of its own business activities. Planning this engagement and putting it into action is a largely decentralized task, handled by various functions and departments at the individual company sites. In the reporting year 2021, the following projects were implemented or continued, among others:

Involve employees and raise awareness for sustainability

Vitesco Technologies seeks to further increase its employees' awareness of sustainability. To this end, the company launched a variety of initiatives, including hosting various challenges at the sites to motivate employees to deal with the topic in a fun way. At the plant in Debrecen, Hungary, for example, more than 33% of the workforce took part in a week-long campaign: employees were encouraged to cycle to work, use reusable bottles, and take part in a clean-up. In addition, training was offered on various topics such as recycling. As an incentive, participants collected points for each challenge and could win prizes.

A cooperation with Treedom is also designed to boost the sustainability awareness of Vitesco Technologies employees: Treedom enables private individuals and companies to have trees planted in various countries around the world. This benefits not only the climate, but also the local community. The fruits of the trees belong to small farmers, giving them an alternative source of income while also enhancing local food security. On the occasion of the spin-off from Continental AG, Vitesco Technologies

bought 40,000 trees. All employees were invited to plant one each online. In addition, since 2022 all new employees in some countries have received a tree voucher when they start at the company.

Relief for employees with children

The COVID-19 pandemic continued to be a major challenge for everyone in 2021 – especially for working parents who had to care for their children at home when schools and daycare centers closed. To provide some relief for its employees, Vitesco Technologies posted child-friendly assignments related to technology and sustainability on the intranet. For example, the kids were asked to make a toy out of everyday objects, a mini garden or an air-powered car. The assignments could be downloaded in seven languages and were aimed at children between the ages of 4 and 14. Vitesco Technologies apprentices later posted ways to solve the assignments.

Tea garden sponsorship

Since 2020, Vitesco Technologies China has supported the “Mothers Tea Garden” initiative developed by the China Women's Development Foundation, a non-governmental organization (NGO). The goal is to use various projects to provide gainful employment for residents in remote and underserved areas, and in particular to improve women's skillsets and contribute to a cleaner environment. Vitesco Technologies' sponsorship ensures that ten hectares of tea gardens can be tended and supplied year-round. This project has helped secure the livelihood of local farmers; more than 20 families in Danzhai County have benefited from it. The project was originally slated to run for two years, but is now to be continued.



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EU TAXONOMY REGULATION DISCLOSURES

Source: Annual Report 2021 > Management Report > Corporate Profile > Consolidated Non-Financial Statement > p. 88.

Note: The text has been adjusted for page references.

In accordance with Article 8 of the Taxonomy Regulation, Vitesco Technologies is required to disclose how and to what extent its own business activities are connected to economic activities that can be classified as environmentally sustainable economic activities according to Article 3 and Article 9 of the Taxonomy Regulation.

According to the stipulations of the Taxonomy Regulation, companies must analyze their business activities with regard to the environmental goals of climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, transition to circularity, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

In accordance with Art. 8 of the Taxonomy Regulation and Art. 10 of the Delegated Act (EU) 2021/ C(2021) 4987 final of July 06, 2021 on the disclosure requirements associated with the Taxonomy Regulation, reporting companies must disclose the share of their economic activities that are taxonomy-eligible and taxonomy-non-eligible in the company's total turnover as well as in the company's capital and operating expenditures for the two environmental goals of climate mitigation and climate adaptation for FY 2021.

Opportunities and Challenges

In accordance with the publication of the European Securities and Markets Authority (ESMA) dated October 29, 2021, we would like to point out that the Taxonomy Regulation is of dynamic nature and the following information is provided in accordance with the current state of interpretation.

The products and technologies for electric powertrains as well as electrification solutions for hybrid vehicles developed and manufactured by Vitesco Technologies contribute significantly to expanding clean or climate-neutral mobility according to Art. 10 (1) c of the Taxonomy Regulation. According to the current state of interpretation of the activities defined by the Taxonomy Regulation, it is unclear to what extent companies in the automotive supply industry, even if they, like Vitesco Technologies, play a significant role in the upcoming transformation processes of the transport and mobility sector, may report under the taxonomy. We assume that the regulator will create clarity here and that Vitesco Technologies could then report the revenues shown in the Clean Mobility section in full, under the Taxonomy Regulation.



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In order to identify Vitesco Technologies' taxonomy-eligible economic activities, as well as the associated revenues, capital expenditures and operating expenses, a project was set up during fiscal 2021. Under the leadership of the Sustainability, Security, Safety & Health department, Vitesco Technologies' corporate activities were compared with the activities defined in the taxonomy regulation.

Taxonomy-eligible activities for Vitesco Technologies were determined using the accounting policies described below:

> A taxonomy-eligible economic activity is defined in Delegated Act (EU) 2021/ C(2021) 4987 Art. 1, paras. 5 and 6, as an economic activity “that is described in the delegated acts adopted in accordance with (...) the Taxonomy Regulation, regardless of whether that economic activity meets any or all of the Technical Screening Criteria set out in those delegated acts”. Accordingly, a non-taxonomy-eligible economic activity means “any economic activity that is not described in the delegated acts adopted in accordance with (...) Regulation (EU) 2020/852”.

In accordance with Annex I of Delegated Act C (2021) 2800 final (Climate Change), the following economic activities of Vitesco Technologies were identified as taxonomy-eligible:

> Category 3.4: Manufacture of batteries)
Annex I of the delegated act defines this taxonomy-eligible economic activity as the “manufacture of rechargeable

batteries, battery packs and accumulators for transport, stationary and off-grid energy storage and other industrial applications” and the “manufacture of the related components (active battery materials, battery cells, casings, and electronic components)”. The manufacture of components for batteries and battery management systems can be clearly assigned to this activity.

Beyond the aforementioned product-related economic activities, Vitesco Technologies performs other taxonomy-eligible activities that are not directly related to its product portfolio. These include:

- > Activity 6.5 Transport by passenger and commercial vehicles
- > Activity 7.5 Installation, maintenance, and repair of equipment for measuring, regulating, and controlling the energy performance of buildings.
- > Activity 7.6 Installation, maintenance, and repair of renewable energy technologies.
- > Activity 7.7 Acquisition and ownership of buildings

The turnover associated with the identified taxonomy-eligible, product-related economic activities (eligible turnover) was calculated based on a revenue classification by product category that is used in the existing financial accounting systems. The share of all taxonomy-eligible economic activities in total turnover thus amounted to 0.2% in fiscal 2021. The total turnover used in the calculation corresponds to the net revenues reported in the annual report according to IFRS.



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	Turnover in € millions	Turnover in %
Turnover from taxonomy-eligible economic activities	16.6	0.2
Turnover from non-taxonomy economic activities	8,331.9	99.8
Total	8,348.5	100.0

Capital expenditures related to assets or processes associated with taxonomy-eligible economic activities (eligible CapEx) were identified by breaking down Vitesco Technologies' total capital expenditures by cost type. Of the production-related capital expenditures, only those related to the products of the economic activity identified as taxonomy-eligible above, 3.4 Manufacturing of Batteries, were considered. In this context, investments in integrated production facilities that could not be clearly attributed to the business activities included under activity 3.4, were distributed according to a key. The revenue of the production site in question was used to determine the distribution key. In the case of integrated production sites, the percentage of taxonomy-eligible investments thus corresponds to the percentage of taxonomy-eligible turnover.

Among the supplementary investments, a differentiation was made along asset classes. Included, for example, were capital expenditures for the company's own vehicle fleet and the acquisition of buildings.

The share of taxonomy-eligible CapEx in total CapEx was therefore 25.9% in fiscal 2021. The total capital expenditure used as a basis correspond to the gross additions to intangible and tangible assets, as well as the right-of-use assets recognized in accordance with IFRS 16.

Share of capital expenditures related to taxonomy-eligible and non-taxonomy-eligible economic activities (eligible CapEx)

	CapEx in € millions	CapEx in %
CapEx related to taxonomy-eligible economic activities	163.6	25.9
of which in property, plant, and equipment	11.9	1.9
of which in rights of use according to IFRS 16	151.7	24.0
CapEx related to non-taxonomy-eligible economic activities	466.9	74.1
Total	630.5	100.0



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Operating expenses relating to assets or processes associated with taxonomy-eligible economic activities (eligible OpEx) were determined for activity 3.4 Manufacture of batteries, which was identified as taxonomy-eligible, using the allocation key also described for capital expenditures. The operating expenses for the identified, non-product-related, activities were directly allocable. In accordance with the definition in the Taxonomy Regulation, the following cost types were used as a basis:

- > Research and development costs
- > Maintenance and repair costs
- > Short-term leases

The share of taxonomy-eligible operating expenses in total operating expenses as defined in the Taxonomy Regulation amounted to 9.2% in fiscal 2021. The taxonomy-eligible shares of operating expenses can be seen in the “of which” rows below.

Share of operating expenses related to taxonomy-eligible and non-taxonomy-eligible economic activities (eligible OpEx)	OpEx in € millions	OpEx in %
Operating expenses related to taxonomy-eligible economic activities	69.8	9.2
Of which operating expenses for research and development	48.7	6.4
Of which operating expenses for maintenance and repair	21.1	2.8
OpEx related to non-taxonomy-eligible economic activities	692.6	90.8
Gesamt	762.4	100.0



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INDEPENDENT AUDITOR'S REPORT

The audit opinions of the independent auditor KPMG for audited content in this report is available according to the following overview.

Name of auditor's report	Valid for	Date of the auditor's report	Link
Auditor's opinion on the Consolidated Financial Statements and Combined Management Report	Content from the Consolidated Financial Statements and the Combined Management Report (except the Consolidated Non-Financial Statement)	March 10, 2022	Annual Report 2021, p.69
Independent auditor's opinion on the Consolidated Non-Financial Statement	Content from the Consolidated Non-Financial Statement (reasonable assurance)	March 10, 2022	Annual Report 2021, p.69
	Content from the disclosures according to the EU Taxonomy regulation (limited assurance)	March 10, 2022	Annual Report 2021, p.69
Independent auditor's report on an independent audit to obtain limited assurance review on selected key performance in the Sustainability Report	Selected key performance indicators (KPIs) from the Sustainability Report: Total CO ₂ e emissions (Scope 3), CO ₂ e emissions intensity (Scope 1-3) by Group sales, and energy reduction achieved from efficiency projects	March 23, 2022	Link



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GRI CONTENT INDEX

GRI standard and disclosure	Comment	Link
GRI 102 General Disclosures 2016		
Organizational profile		
102-1	Name of the organization	About Vitesco Technologies
102-2	Activities, brands, products, and services	About Vitesco Technologies
102-3	Location of headquarters	About Vitesco Technologies
102-4	Location of operations	About Vitesco Technologies
102-5	Ownership and legal form	About Vitesco Technologies
102-6	Markets served	About Vitesco Technologies
102-7	Scale of the organization	About Vitesco Technologies
102-8	Information on employees and other workers	Further Employee Figures in Details
102-9	Supply chain	Business Model and Value Creation
102-10	Significant changes to the organization and its supply chain	Business Model and Value Creation
102-11	Precautionary Principle or approach	Sustainability Management > Strategic Anchoring Resource Efficiency and Circularity > Management Approach
102-12	External Initiatives	Memberships

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102-13	Membership of Associations		Memberships
Strategy			
102-14	Statement from senior decision-maker		Foreword
102-15	Key impacts, risks, and opportunities		Material Risks and Opportunities
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior		Corporate Governance
Governance			
102-18	Governance structure		Corporate Governance
102-19	Delegating authority		Sustainability Organization
102-20	Executive-level responsibility for economic, environmental, and social issues		Sustainability Organization
102-21	Consulting stakeholders on economic, ecological, and social topics		Stakeholder Involvement
102-22	Composition of the highest governance body and its committees		Annual Report 2021 > Report from the Supervisory Board
102-23	Chair of the highest governance body		Annual Report 2021 > Report from the Supervisory Board
102-24	Nominating and selecting the highest governance body		Annual Report 2021 > Report from the Supervisory Board
102-25	Conflicts of interest		Annual Report 2021 > Report from the Supervisory Board
102-26	Role of highest governance body in setting purpose, values, and strategies		Annual Report 2021 > Report from the Supervisory Board

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GRI standard and disclosure	Comment	Link
102-27	Collective knowledge of highest governance body	Annual Report 2021 > Report from the Supervisory Board
102-28	Evaluating the highest governance body's performance	Remuneration Report
102-29	Identifying and managing economic, environmental, and social impacts	Management of Risks and Opportunities
102-30	Effectiveness of risk management process	Management of Risks and Opportunities
102-31	Review of economic, environmental, and social topics	Sustainability Organization
102-32	Role of highest governance body in sustainability reporting	Report Profile Sustainability Organization
102-33	Communicating critical concerns	Annual Report 2021 > Report from the Supervisory Board
102-35	Remuneration policies	Remuneration Report
102-36	Process for determining remuneration	Remuneration Report
Stakeholder engagement		
102-40	List of stakeholder groups	Stakeholder Involvement
102-41	Collective bargaining agreements	Information on the number of employees covered by collective bargaining agreements is not available for the entire Group. It can therefore only be reported for Germany at this time. Labor-Management Relations
102-42	Identifying and selecting stakeholders	Stakeholder Involvement
102-43	Approach to stakeholder engagement	Stakeholder Involvement
102-44	Key topics and concerns raised	Stakeholder Involvement

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GRI standard and disclosure		Comment	Link
Reporting Practice			
102-45	Entities included in the consolidated financial statements		Report Profile
102-46	Defining report content and topic boundaries		Report Profile
102-47	List of material topics		Material Topics
102-48	Restatements of information		Report Profile
102-49	Changes in reporting		Report Profile
102-50	Reporting period		Report Profile
102-51	Date of most recent report		Report Profile
102-52	Reporting cycle		Report Profile
102-53	Contact point for questions regarding the report		Publication Details
102-54	Claims of reporting in accordance with the GRI standards		Report Profile
102-55	GRI content index		GRI Content Index
102-56	External assurance		Color Coding of the Text and Certification Independent Auditor's Report
201 Economic Performance 2016			
103	Management approach		Annual Report 2021 > Economic Report
201-1	Direct economic value generated and distributed		Annual Report 2021 > Economic Report

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201-2	Financial implications and other risks and opportunities due to climate change		Material Risks and Opportunities
201-3	Defined benefit plan obligations and other retirement plans		Annual Report 2021 > Remuneration Report
201-4	Financial assistance received from government		Financial Support from Public Authorities
GRI 205: Anti-Corruption 2016			
103	Management approach		Business Ethics and Anti-Corruption > Management Approach
205-2	Communication and training about anti-corruption policies and procedures		Code of Conduct and Training
GRI 206: Anti-Competitive Behavior 2016			
103	Management approach		Business Ethics and Anti-Corruption > Management Approach
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Vitesco Technologies is not aware of any ongoing legal actions for anti-competitive behavior or violations of antitrust regulations.	Litigation and Compensation Claims
GRI 207: Tax 2019			
103	Management approach		Tax Compliance
207-1	Approach to tax		Tax Compliance
207-2	Tax governance, control, and risk management		Tax Compliance

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207-4	Country-by-country Reporting	The information in the form required by GRI for consolidated country-by-country reporting (CbCR) per tax jurisdiction is not available to the Vitesco Group. We are reviewing the collection of such data. The company prepares the CbCR within the structure prescribed by the rules on tax avoidance through the reduction and shifting of profits (BEPS) and in accordance with the legal obligations. This data is submitted to the Germany's Central Tax Office (Bundeszentralamt für Steuern) and is based on the consolidated financial statements, which have been audited by an independent auditor. The necessary transparency is ensured for the tax authorities, who can assess the content of the figures and data accordingly.
GRI 301: Materialien 2016		
103	Management approach	Resource Efficiency and Circularity > Management Approach Materials Management
301-1	Materials used by weight or volume	Information on the total weight of materials used for production and packaging is currently not available centrally. A breakdown into renewable and non-renewable materials is therefore currently not possible for the entire Group.
GRI 302: Energy 2016		
103	Management approach	Resource Efficiency and Circularity > Management Approach Focus Topic: Energy
302-1	Energy consumption within the organization	Key Figures for Operational Environmental Protection in Detail
302-3	Energy intensity	Key Figures for Operational Environmental Protection in Detail
302-4	Reduction of energy consumption	Key Figures for Operational Environmental Protection in Detail
GRI 303: Water and Effluents 2018		
103	Management approach	Resource Efficiency and Circularity > Management Approach Focus Topic: Water

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303-1	Interactions with water as a shared resource		Focus Topic: Water
303-2	Management of water discharge-related impacts		Focus Topic: Water
303-3	Water withdrawal		Key Figures for Operational Environmental Protection in Detail
303-4	Water discharge		Key Figures for Operational Environmental Protection in Detail
303-5	Water consumption		Focus Topic: Water
GRI 305: Emissions 2016			
103	Management approach		Climate Protection > Management Approach
305-1	Direct (Scope 1) GHG emissions		Climate Protection > Management Approach > Results
305-2	Energy direct (Scope 2) GHG emissions		Climate Protection > Management Approach > Results
305-3	Other indirect (Scope 3) GHG emissions		CO ₂ Emissions Along the Value Chain (Scope 3)
305-4	GHG emissions intensity		CO ₂ Emissions Along the Value Chain (Scope 3)
GRI 306: Waste 2020			
103	Management approach		Resource Efficiency and Circularity > Management Approach
306-1	Waste generation and significant waste-related impacts		Focus Topic: Waste
306-2	Management of significant waste-related impacts		Resource Efficiency and Circularity > Management Approach Focus Topic: Waste
306-3	Waste generated		Key Figures for Operational Environmental Protection in Detail
306-4	Waste diverted from disposal		Climate Protection > Management Approach > Results



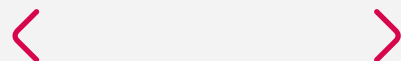
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306-5	Waste directed to disposal		Climate Protection > Management Approach > Results
GRI 307: Environmental Compliance 2016			
103	Management approach		Environmental Compliance
307-1	Non-compliance with environmental laws and regulations		Environmental Compliance
GRI 308: Supplier Environmental Assessment 2016			
103	Management approach		Responsible Sourcing and Partnerships > Management Approach
308-1	New suppliers that were screened using environmental criteria		Evaluation and Monitoring of Suppliers
308-2	Negative environmental impacts in the supply chain and actions taken		Evaluation and Monitoring of Suppliers
GRI 401: Employment 2016			
103	Management approach		Fair Work and Diversity > Management Approach
401-1	New employee hires and employee turnover		Annual Report 2021 > Vitesco Technologies Group 2021
GRI 402: Labor-Management Relations 2016			
103	Management approach		Labor-Management Relations
402-1	Minimum notice periods regarding operational changes	The regulations on minimum notification periods for operational changes vary around the world. Vitesco Technologies complies with the applicable local rules. Recording this at Group level is not relevant for Vitesco Technologies.	Labor-Management Relations
GRI 403: Occupational Health and Safety 2018			
103	Management approach		Occupational Health and Safety > Management Approach

GRI 102-55

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GRI standard and disclosure		Comment	Link
403-1	Occupational health and safety management system		Occupational Health and Safety > Management Approach Focus Topic: Safety Focus Topic: Health
403-2	Hazard identification, risk assessment, and incident investigation		Focus Topic: Safety
403-3	Occupational health services		Focus Topic: Health
403-4	Worker participation, consultation, and communication on occupational health and safety		Occupational Health and Safety > Management Approach
403-5	Worker training on occupational health and safety		Occupational Health and Safety > Management Approach
403-6	Promotion of worker health		Focus Topic: Health
403-7	Avoidance and mitigation of occupational health and safety impacts directly linked by business relationships		Occupational Health and Safety > Management Approach
403-8	Workers covered by an occupational health and safety management system		Occupational Health and Safety > Management Approach > Results
403-9	Work-related injuries		Occupational Health and Safety > Management Approach > Results Focus Topic: Safety
GRI 404: Training and Education 2016			
103	Management approach		Education and Development
404-2	Programs for upgrading employee skills and transition assistance programs		Education and Development
404-3	Percentage of employees receiving regular performance and career development reviews		Education and Development

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GRI standard and disclosure		Comment	Link
GRI 405: Diversity and Equal Opportunity 2016			
103	Management approach		Fair Work and Diversity > Management Approach Corporate Governance > Diversity
405-1	Diversity of governance bodies and employees		Fair Work and Diversity > Management Approach Corporate Governance > Diversity
GRI 406: Non-Discrimination 2016			
103	Management approach		Fair Work and Diversity > Management Approach
406-1	Incidents of discrimination and corrective actions taken	Data on incidents of discrimination and corrective actions taken are not yet centrally recorded. Vitesco Technologies responds to any incidents on a case-by-case basis and in accordance with the company's values and policies.	
GRI 407: Freedom of association and collective bargaining 2016			
103	Management approach		Labor-Management Relations
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Evaluation and Monitoring of Suppliers
GRI 408: Child Labor 2016			
103	Management approach		Fair Work and Diversity > Management Approach Human Rights Due Diligence
408-1	Operations and suppliers at significant risk for incidents of child labor?		Focus Topic: Conflict Minerals
GRI 409: Forced or Compulsory Labor 2016			
103	Management approach		Fair Work and Diversity > Management Approach Human Rights Due Diligence
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		Focus Topic: Conflict Minerals Evaluation and Monitoring of Suppliers

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GRI standard and disclosure		Comment	Link
GRI 412: Human Rights Assessment 2016			
103	Management approach		Fair Work and Diversity > Management Approach Responsible Sourcing and Partnerships > Management Approach
412-1	Operations that have been subject to human rights reviews or impact assessments		Human Rights Due Diligence
GRI 414: Supplier Social Assessment 2016			
103	Management approach		Responsible Sourcing and Partnerships > Management Approach
414-1	New suppliers that were screened using social criteria		Responsible Sourcing and Partnerships > Management Approach
GRI 416: Customer Health and Safety 2016			
103	Management approach		Quality and Product Integrity > Management Approach
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Quality and Product Integrity > Management Approach
GRI 419: Socioeconomic Compliance 2016			
103	Management approach		Fair Work and Diversity > Management Approach
419-1	Non-compliance with laws and regulations in the social and economic area		Litigation and Compensation Claims

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The following index serves as Vitesco Technologies' 2021 Communication on Progress regarding the implementation of the principles of the UN Global Compact by presenting the described sustainability activities in the context of the principles of the UN Global Compact.

Category	Principle	Link
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	Fair Work and Diversity Responsible Sourcing and Partnerships Business Ethics and Anti-Corruption
	Businesses should make sure that they are not complicit in human rights abuses.	Fair Work and Diversity Responsible Sourcing and Partnerships Business Ethics and Anti-Corruption
Labor Standards	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Fair Work and Diversity Responsible Sourcing and Partnerships Business Ethics and Anti-Corruption
	Businesses should uphold the elimination of all forms of forced and compulsory labor.	Fair Work and Diversity Responsible Sourcing and Partnerships Business Ethics and Anti-Corruption
	Businesses should uphold the effective abolition of child labor.	Fair Work and Diversity Responsible Sourcing and Partnerships Business Ethics and Anti-Corruption
	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Fair Work and Diversity Responsible Sourcing and Partnerships Business Ethics and Anti-Corruption



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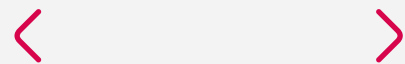
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Category	Principle	Link
	Businesses should support a precautionary approach to environmental challenges.	Corporate Governance Sustainability Management Climate Protection Resource Efficiency and Circularity Responsible Sourcing and Partnerships
Environment	Businesses should undertake initiatives to promote greater environmental responsibility.	Climate Protection Resource Efficiency and Circularity Responsible Sourcing and Partnerships
	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Clean Mobility Climate Protection Resource Efficiency and Circularity Responsible Sourcing and Partnerships
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	Responsible Sourcing and Partnerships Business Ethics and Anti-Corruption

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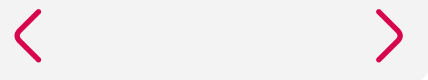
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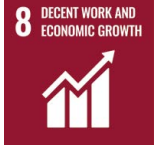
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The following index presents the described sustainability activities of Vitesco Technologies in the context of the United Nations Sustainable Development Goals (SDGs).

SGD	Link	SGD	Link
	Corporate Citizenship		Fair Work and Diversity
	Corporate Citizenship		Resource Efficiency and Circularity
	Responsible Sourcing and Partnerships Fair Work and Diversity Occupational Health and Safety		Clean Mobility Climate Protection
	Fair Work and Diversity		Fair Work and Diversity Business Model and Value Creation

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Clean Mobility
Quality and Product Integrity
Innovation



Resource Efficiency and Circularity



Fair Work and Diversity



Clean Mobility
Climate Protection
Resource Efficiency and Circularity



Clean Mobility
Climate Protection
Resource Efficiency and Circularity
Corporate Citizenship



Business Ethics and Anti-Corruption



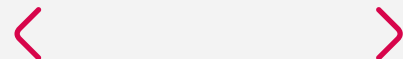
Clean Mobility
Climate Protection
Resource Efficiency and Circularity
Corporate Citizenship
Responsible Sourcing and Partnerships



Memberships
Stakeholder Involvement



Clean Mobility
Climate Protection



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The following index presents the described sustainability activities of Vitesco Technologies in the context of the disclosure recommendations for climate reporting by the Task Force on Climate-related Financial Disclosures (TCFD).

TCFD Core Elements	Required Information	Link
Governance Disclosure of the company's governance around climate-related risks and opportunities	A. Description of the management board's oversight of climate-related risks and opportunities	Foreword Sustainability Management Strategic Anchoring Corporate Governance Remuneration Report
	B. Description of the management's role in assessing and managing climate-related risks and opportunities	Sustainability Management Strategic Anchoring Corporate Governance Remuneration Report
Strategy Disclose actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning, where this information is material.	A. Description of climate-related opportunities and risks	Material Risks and Opportunities General Assessment of Impacts Clean Mobility Climate Protection
	B. Impact of climate-related risks on the company's business, strategy, and financial planning	Material Risks and Opportunities General Assessment of Impacts Clean Mobility Climate Protection
	C. Description of the resilience of the company's strategy	Material Risks and Opportunities General Assessment of Impacts Clean Mobility Climate Protection Management of Risks and Opportunities



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TCFD Core Elements	Required Information	Link
	A. Description of the company's processes for identifying and assessing climate-related risks	Management of Risks and Opportunities Sustainability Management Material Risks and Opportunities General Assessment of Impacts Clean Mobility Climate Protection
Risk Management Disclose the processes used by the organization to identify, assess, and manage climate-related risks.	B. Description of the company's processes for managing climate-related risks	Management of Risks and Opportunities Sustainability Management Material Risks and Opportunities General Assessment of Impacts Clean Mobility Climate Protection
	C. Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management system	Management of Risks and Opportunities Sustainability Management Material Risks and Opportunities General Assessment of Impacts Clean Mobility Climate Protection
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where this information is material.	A. Indicators the company uses to assess climate-related risks and opportunities	Clean Mobility Climate Protection CO ₂ Emissions Along the Value Chain (Scope 3)
	B. Disclosure of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions	Climate Protection CO ₂ Emissions Along the Value Chain (Scope 3)
	C. Targets the company uses to manage climate-related opportunities and risks	Clean Mobility Climate Protection



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SASB-Index**Publication Details****SASB-INDEX**

The following index presents the described sustainability activities of Vitesco Technologies in the context of the Sustainability Accounting Standards Board's (SASB) industry-specific reporting standards for automotive suppliers (Automotive Parts).

SASB Topic	Accounting Metric	SASB-Code	Link
Energy Management	Total energy consumed		Key Figures for Operational Environmental Protection in Detail
	Percentage grid electricity	TR-AP-130a.1	Key Figures for Operational Environmental Protection in Detail
	Percentage renewable		Climate Protection
Waste Management	Amount of total waste from manufacturing		Focus Topic: Waste
	Percentage hazardous	TR-AP-150a.1	Key Figures for Operational Environmental Protection in Detail
	Percentage recycled		Focus Topic: Waste
Product Safety	Number of recalls and total units recalled	TR-AP-250a.1	n.a.
Development of fuel economy	Sales volumes from products developed to increase fuel efficiency and/or reduce emissions	TR-AP-410a.1	Clean Mobility
Materials sourcing	Discussion of the management of risks associated with the use of critical materials	TR-AP-440a.1	Responsible Sourcing and Partnerships
	Percentage of sold products that are recyclable	TR-AP-440b.1	n.a.
Materials Efficiency	Percentages of input materials from recycled or reclaimed materials	TR-AP-440b.2	n.a.
	Total amount of financial loss resulting from legal actions in connection with anticompetitive practices	TR-AP-520a.1	Litigation and Compensation Claims



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SASB Topic	Accounting Metric	SASB-Code	Link
Activity Metric		SASB-Code	Link
	Number of parts produced	TR-AP-000.A	n.a.
	Weight of parts produced (t)	TR-AP-000.C	n.a.
	Square meterage of manufacturing plants (m ²)	TR-AP-000.B	n.a.



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